Municipal Affairs and Housing

Annual Report 2007-2008

Alberta

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The annual report of the Government of Alberta released June 24, 2008 contains the Minister of Finance's accountability statement and the consolidated financial statements of the Province. The *Measuring Up* report released June 24, 2008 provides a comparison of the actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Municipal Affairs and Housing contains the Minister's accountability statement, the consolidated audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and**
- **financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.**

NOTE: On March 12, 2008, the government announced new ministry structures. Since the 2007-08 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2008, to provide proper accountability for the 2007-08 fiscal year against the original business plan.

Ministers' Accountability Statements

The Ministry's annual report for the year ended March 31, 2008, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 29, 2008, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by:

Ray Danyluk
Minister of Municipal Affairs

Original signed by:

Yvonne Fritz
Minister of Housing and Urban Affairs

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Vision

Municipal Affairs and Housing contributes to the development of strong, safe and sustainable communities.

Mission

Municipal Affairs and Housing provides programs and services that help ensure Albertans are served by accountable and effective local governments; live in strong and safe communities; and that lower-income Albertans have access to housing that is affordable.

Core Businesses and Goals

Core Business One: Support the development and long-term sustainability of local governments, the voluntary sector and communities

Goal 1: A responsive, cooperative and well-managed local government sector

Goal 2: Financially sustainable and accountable municipalities

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Goal 4: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

Goal 5: An accessible public library service and effectively supported communities and voluntary sector

Core Business Two: Provide a range of housing options and supports for lower-income Albertans

Goal 6: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Core Business Three: Administer the Safety System to support the development and maintenance of safe and viable communities

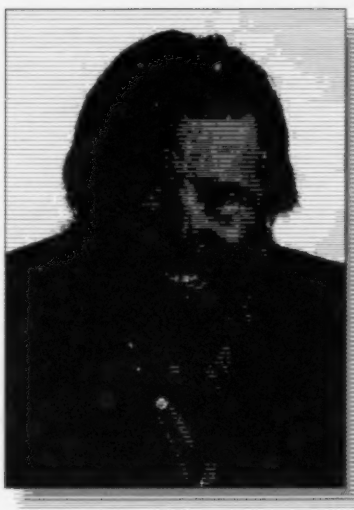
Goal 7: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

Core Business Four: Leading and managing the provincial emergency management system and making communities safer

Goal 8: An effective emergency management system

Goal 9: Effective fire and emergency services and reduced fire deaths and injuries

Messages from the Ministers



"In 2007-08, Municipal Affairs proved its unwavering commitment to the development and sustainability of strong, safe and vibrant municipalities through the creation and support of many programs and initiatives."

Initiative, creativity and perseverance are the cornerstones of success and can spell the difference between mediocrity and accomplishment. In 2007-08, Municipal Affairs proved its unwavering commitment to the development and sustainability of strong, safe and vibrant municipalities through the creation and support of many programs and initiatives.

The Ministry faced many challenging issues over the past year. But, through the commitment of our dedicated, professional staff and management team, I am proud to say that we persevered and made progress on many of our mandated priorities – always focusing on ensuring Alberta is the best province to live, work and raise a family.

Our Ministry is dedicated to promoting strong Alberta municipalities. In 2007-08, that objective continued with unprecedented funding through the Municipal Sustainability Initiative. This program was developed after extensive consultation with municipalities, and, over the next decade, Alberta's municipalities will receive $11.3 billion in funding to help meet growth challenges and enhance long-term sustainability.

In response to significant growth in the Capital Region and the importance of coordinated planning to meet the region's infrastructure needs, the government acted by establishing the Capital Region Board. The Board has been mandated with preparing an integrated growth management plan that will support growth in the region over the next 20 to 50 years. This process will ultimately support a stronger Capital Region; one that collaborates effectively and capitalizes on economic growth opportunities. Municipal Affairs also continued to provide support to the Calgary Regional Partnership in its efforts to develop a regional plan.

Ensuring Alberta's communities are safe is a key priority of this Ministry. In July 2007, a devastating fire in Edmonton's MacEwan neighbourhood became the province's largest example of a high-intensity residential fire on record. In response, the High-Intensity Residential Fires Working Group was established to review the factors surrounding these fires. In October 2007, the group submitted a report to government with recommendations that will enhance Albertans' safety from residential fires.

Keeping safety top-of-mind, the Alberta Emergency Management Agency proved to have a successful first year, promoting and coordinating emergency planning, preparedness and response within government and across the province. Through public awareness campaigns such as Fire Prevention Week and Emergency Preparedness Week, the Agency worked diligently to enhance Albertans' safety and build communities' capacity in emergency management.

The Ministry is also responsible for supporting libraries and library systems across Alberta. Over the past year, we continued to assist libraries in their traditional role as centres of learning and community spirit, as well as in developing their interconnectedness through SuperNet and the Alberta Public Library Electronic Network. Municipal Affairs is now well-positioned to develop a strategy to help libraries address the challenges and opportunities of the 21st century.

As we move into 2008-09, I look forward to tackling new and exciting challenges and celebrating Municipal Affairs' continuing successes.

Original signed by:

Ray Danyluk
Minister of Municipal Affairs

Messages from the Ministers

"We also continued to work in partnership with municipalities, the federal government, the private sector and not-for-profit organizations."

Affordable housing took on special significance in 2007-2008, following the report from the government-appointed Alberta Affordable Housing Task Force to address housing pressures which were being felt across the province.

Government responded by providing $279 million in new funding in addition to funds allocated in Budget 2007.

The cornerstones of that funding were:

- A new Direct Rent Supplement program delivered by local housing operators who provide rental subsidies directly to tenants requiring housing assistance;
- A new Homeless and Eviction Prevention Fund to help renters at risk of eviction; due to rent increases and / or rental arrears, and to assist those moving to Alberta for employment that require assistance with moving costs, damage deposit and first month rent;
- Increased support for homeless emergency shelters and winter emergency spaces;
- A commitment to create more than 11,000 additional affordable housing units by 2012 through the distribution of capital funding to municipalities under the Municipal Sustainability Housing and Capital Enhancement Programs.

We also continued to work in partnership with municipalities, the federal government, the private sector and not-for-profit organizations. These relationships helped to leverage additional community support along with developer investment that resulted in the creation of more than 3,400 new affordable housing units across the province last year.

We also recognize that providing safe and affordable housing for all Albertans requires more than money and partnerships. It requires innovation and vision. The newly created Alberta Secretariat for Action on Homelessness will deliver a 10-year plan to address the important matter of homelessness by this fall. My colleagues and I look forward to seeing the impact of their work in our communities.

These are just a sample of the many programs and services that the Ministry of Housing and Urban Affairs is working and improving upon to help people find, keep and improve their housing, both today and in the future.

Together, we will continue the great work that was started in 2007 to ensure that all Albertans have access to safe and affordable housing.

Sincerely,

Original signed by:

Yvonne Fritz
Minister of Housing and Urban Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs and Housing includes the Department of Municipal Affairs and Housing, the Municipal Government Board, the Safety Codes Council, the Special Areas Board, six Improvement Districts, the Alberta Emergency Management Agency and the Alberta Social Housing Corporation.

The Department of Municipal Affairs and Housing consists of the Local Government Services Division, the Public Safety Division, the Housing Services Division and the Corporate Strategic Services Division.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs and Housing. Under the direction of the Minister, we oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Ministers, in addition to program responsibilities, we establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs and Housing with any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling our responsibilities for the Ministry, we have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by:

Ray Gilmour
Deputy Minister, Municipal Affairs
August 29, 2008

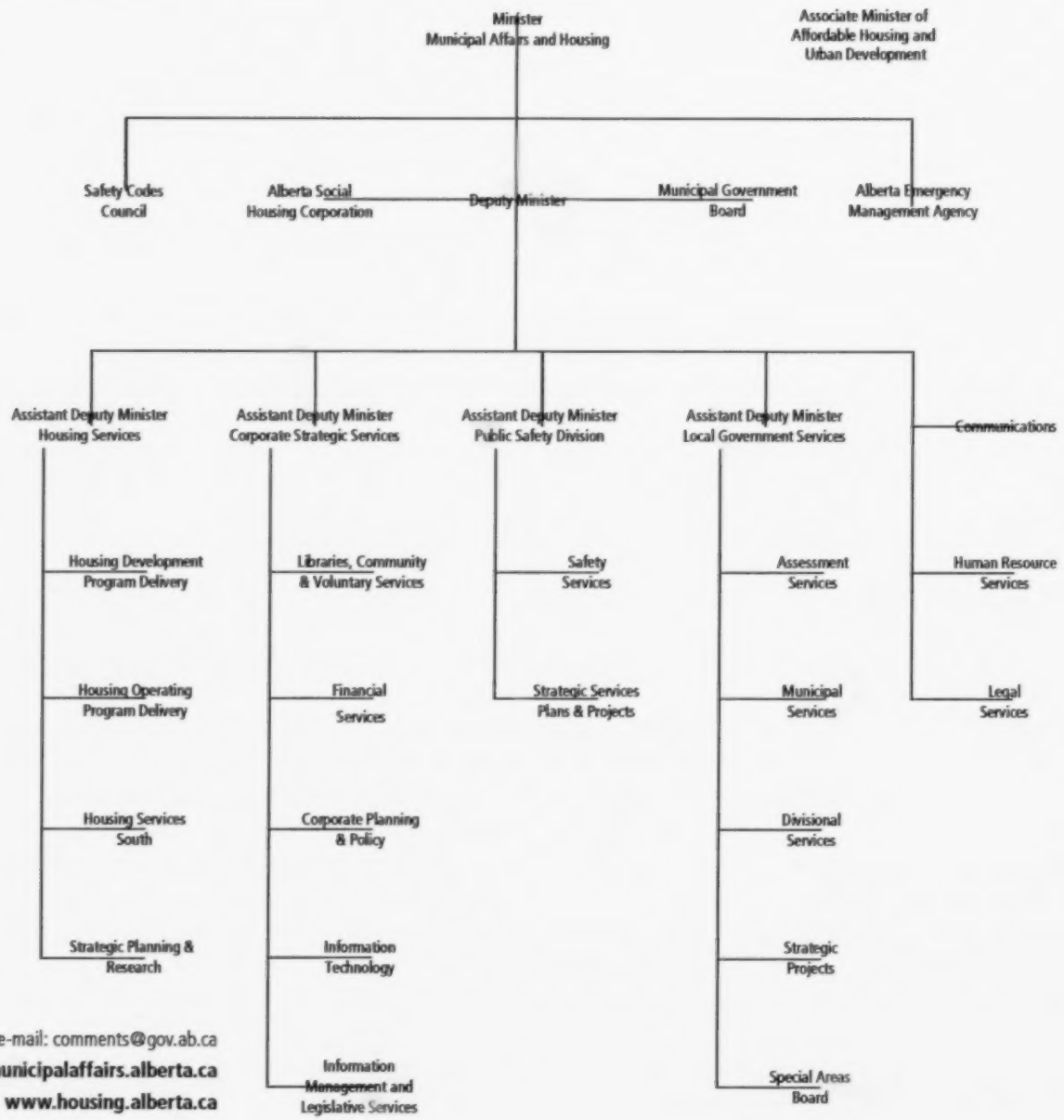
Original signed by:

Marcia Nelson
Deputy Minister, Housing and Urban Affairs
August 29, 2008

OVERVIEW

Entity Map

Ministry of Municipal Affairs and Housing Functional Organization as of March 31, 2008



e-mail: comments@gov.ab.ca
www.municipalaffairs.alberta.ca
www.housing.alberta.ca

NOTE: On March 12, 2008, the government announced new ministry structures. Since the 2007-08 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2008, to provide proper accountability for the 2007-08 fiscal year against the original business plan.

Operations and Services

The Ministry of Municipal Affairs and Housing, now Municipal Affairs, was restructured on March 12, 2008. Housing Services and the Alberta Social Housing Corporation were transferred to the new Ministry of Housing and Urban Affairs. As well, Community and Voluntary Services was transferred to the Ministry of Culture and Community Spirit. The former structure of Municipal Affairs and Housing is reflected in this report.

The Ministry of Municipal Affairs and Housing includes the Alberta Emergency Management Agency, the Municipal Government Board, the Alberta Social Housing Corporation, the Safety Codes Council, the Department of Municipal Affairs and Housing, the Special Areas Board and six Improvement Districts.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency is accountable and responsible to the government and to Albertans for effectively ensuring the protection of people, their property, their communities, the environment, industry and the economy from the effects of emergency events. This work includes helping municipalities maintain and exercise their municipal emergency plans; co-ordinating the preparation and updating of province-wide response plans for specific hazards; administering disaster recovery programs to help individuals and municipalities when catastrophic events occur; partnering with fire departments and municipalities to help them improve fire protection and emergency services by promoting recognized standards and providing affordable and accessible training programs; and delivering province-wide public fire and life safety education awareness campaigns.

Municipal Government Board

The Municipal Government Board conducts independent, quasi-judicial adjudication functions required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to the board by the Minister of Municipal Affairs and Housing or Lieutenant Governor in Council.

Alberta Social Housing Corporation (ASHC)

The ASHC operates under the authority of *Alberta Housing Act* and facilitates the provision of social housing accommodation to low-income families and individuals and those with special needs. The ASHC owns and administers the province's housing assets, services long-term debt associated with these assets, manages mortgage agreements (including those with the Canada Mortgage and Housing Corporation) and administers the disposal of provincially-owned properties that are no longer appropriate for social housing programs.

Safety Codes Council (SCC)

The SCC is a corporation established under the *Safety Codes Act* responsible to the Minister of Alberta Municipal Affairs and Housing. It is comprised of industry stakeholders from municipalities, labour, business, educational institutes and persons with disabilities, who possess expertise in the codes and standards of the discipline areas to which the act applies. The SCC uses both statutory and delegated authority to carry out its assigned responsibilities for administering the safety system. These responsibilities include accreditation of entities; the certification and designation of Safety Codes Officers; assisting the government in the formulation of safety codes and standards for Alberta; delivering training and public safety programs to industry and communities; administering the province-wide electronic permit system; and accountability reporting to the Minister.

Department of Municipal Affairs and Housing

The Department of Municipal Affairs and Housing consists of the Local Government Services Division, the Public Safety Division, the Housing Services Division and the Corporate Strategic Services Division.

Local Government Services Division

The Local Government Services Division provides support and advice to municipalities to help them develop sustainable and effective local government for Albertans.

Services focus on increasing municipal capacity and assisting municipalities to respond to growth-related challenges. The division provides advisory support, training and internship programs, and other tools in support of enhanced municipal sustainability. As well, the division administers numerous grant programs, including the ten-year, $11.3 billion Municipal Sustainability Initiative. The division also supports the implementation of strategic initiatives, such as the Capital Region Integrated Growth Management Plan and the Minister's Council on Municipal Sustainability. Municipal co-operation is a further priority of the division, which is fostered through land-use planning assistance and mediation programming.

In addition, the division oversees the policies and procedures for the assessment of property in Alberta; reviews and audits municipal assessments; assesses linear property (such as oil and gas wells, pipelines, electric power generation and telecommunication systems) for Alberta municipalities; and oversees the annual process involved in determining each municipality's share of the education property tax. The division also provides assistance and advice to municipalities on assessment and tax-related issues.

The Special Areas Board also reports to this division. The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of 2.86 million acres of public land located in southeast Alberta and the provision of municipal services to the residents

of these areas including; the maintenance and construction of local roads; the maintenance of parks; the provision of water services; public land management (grazing, cultivation and oil and gas development); emergency and protective services; and rural stabilization and economic development.

The division also administers six Improvement Districts, which provide limited municipal services, primarily in the National Parks. The provincial government, through Alberta Municipal Affairs and Housing, is responsible for all functions of local government in the improvement districts, including the levy and collection of taxes.

Public Safety Division

The Public Safety Division sets a framework of safety codes and standards, and assists municipalities with promoting the safe construction, operation and maintenance of buildings, facilities and associated equipment. This includes administering the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: pressure equipment; building; fire; plumbing; gas; electrical; elevators; amusement rides; passenger ropeways (ski lifts); and private sewage disposal systems. The division also represents the Government of Alberta in the development of national and international codes and standards; provides technical advice and program support to municipalities, industry and the public; and works with the Safety Codes Council to assist and monitor municipalities, corporations and other organizations that have delegated authority to administer safety codes and standards.

The Public Safety Division also administers the Tank Site Remediation Program, which is designed to help eligible municipalities and other owners of current or former retail gas station sites clean up contamination caused by leaking underground petroleum storage tanks.

Housing Services Division

The Housing Services Division provides the Ministry with support on a broad range of family and special purpose housing issues. The division manages a housing portfolio that enables access to emergency shelter and to subsidized housing for Albertans who cannot afford to pay full market rent for their accommodation. The division, through management assistance, funding and planning, supports local governments, not-for-profit organizations, and private sector organizations in providing affordable housing options for lower-income Albertans and persons with special needs. These options are part of a housing continuum ranging from emergency shelters to transitional and affordable housing. The division operates the Gunn Centre, a government-owned transitional housing facility for men who are homeless and who may have mental health difficulties, a history of substance abuse and/or other social barriers to self-sufficiency. The division also manages the assets of the Alberta Social Housing Corporation.

Corporate Strategic Services Division

The Corporate Strategic Services Division is responsible for the Ministry's information technology, financial planning and reporting and strategic corporate policy functions. The division also manages business planning, performance measurement, environmental scanning, enterprise risk management, legislative planning and information access and privacy protection.

This division also includes the Libraries, Community and Voluntary Services Branch, which supports the province-wide public library system and information network and supports Alberta's voluntary sector, communities and government. This work includes supporting equitable access to library service for all Albertans, providing funding assistance and establishing a province-wide network for communications and shared library resources.

The branch also provides consultation and facilitation services, skill development opportunities and assistance with public and stakeholder consultations for not-for-profit organizations, communities, networks, and local and provincial governments in support of their goals. In addition, the branch provides support to the Alberta Nonprofit/Voluntary Sector Initiative to ensure a strong and sustainable non-profit/voluntary sector that has the ability to provide the services and supports that Albertans expect in their communities.

Support Services

Staff from specialized areas support the department in achieving its business plan goals, strategic policy support and development, and strategic planning. Services include the provision of legal advice regarding the Ministry's acts and regulations, legal representation before the courts and various administrative tribunals, human resources and communicating information to Albertans.

Shared Services

Municipal Affairs and Housing continues to support Service Alberta through the purchasing of administrative, information technology, financial and human resource processing services.

The Ministry also supports Service Alberta by providing strategic administrative and legal services through a shared services agreement.

Summary of Key Activities

Municipal Affairs and Housing was involved in numerous activities during 2007-08, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant accomplishments, as well as the major consultations and legislative changes that took place during the year.

Municipal Sustainability Initiative

The Alberta government announced the Municipal Sustainability Initiative (MSI), an unprecedented new investment of provincial funding for Alberta municipalities that will span the next 10 years. Under the MSI, municipalities received an additional $400 million in provincial funding in 2007-08. Of this new funding, $300 million was allocated for capital and operating projects, and $100 million for affordable housing initiatives.

At the same time, the provincial government made a commitment to increase the MSI funding levels to $500 million in 2008-09, $600 million in 2009-10, and $1.4 billion annually from 2010-11 to 2016-17.

This funding initiative responded to needs identified by the Minister's Council on Municipal Sustainability, and by municipal officials across Alberta, for assistance in meeting challenges related to infrastructure needs, economic growth and development, and the long-term sustainability of municipalities. The funding provides municipalities with predictable and sustainable revenue, and financial support in providing infrastructure and services for a growing population and economy.

In the summer of 2007, the Ministry consulted further with municipal officials to determine how the MSI could be made more responsive to local needs and priorities. The consultation led to a revised funding formula and other program adjustments to provide municipalities with greater flexibility in the use of MSI funds for 2008-09 and the following years. These discussions, and the subsequent revisions to the MSI program, are summarized in the Major Consultations section of this report. Municipal Affairs and Housing worked closely with the ministries of Finance, Treasury Board, and Infrastructure and Transportation in developing the MSI.

Capital Region Integrated Growth Management Plan

In June 2007, the Premier, the Honourable Ed Stelmach, announced his commitment to the development of a long-range plan to manage the economic and industrial growth predicted for the Capital Region over the next 20 to 50 years.

In the following months, the Ministry contributed to the work of a project team which compiled information, consulted with municipal officials and prepared a comprehensive framework for a regional growth management plan. The team's report, titled *Working Together – Report of the Capital Region Integrated Growth Management Plan Project Team*, was submitted to the Premier in December 2007.

Most of the recommendations in the report were accepted by the government, including the proposed mandate for a new Capital Region Board to be composed of the mayors and reeves of the region's 25 municipalities. The report outlines the long-range plans regarding regional land-use planning, intermunicipal transit, a regional geographic information system and a strategic plan for housing for the capital region.

Capital Investments

Municipal Affairs and Housing provided over $145 million for the new Municipal Sustainability Housing and Capital Enhancement Programs. This funding was targeted to high-growth, high-need municipalities to help ease growth pressures in these communities. Approximately $2 million in additional funding was committed to the Edmonton Buddhist Research Institute to develop 20 additional affordable housing units. A commitment of $45 million was allocated to Fort McMurray for the development of 300 new affordable rental units. Aboriginal Off-Reserve Funding of $16 million benefited 16 communities in Alberta, resulting in a total of 264 units (95 units) new construction, (84 units) home ownership and (85 units) maintenance. Another $68 million was committed for affordable housing projects in 17 communities in Alberta who made requests for funding under the Request for Proposals.

Alberta Affordable Housing Task Force

Municipal Affairs and Housing established a cross-departmental Assistant Deputy Ministers' Committee designed to improve the co-ordination of inter-departmental actions addressing the approved and referred Alberta Affordable Housing Task Force recommendations. In May 2007, the Alberta Affordable Housing Initiative was launched and a project delivery model was developed to guide the cross-departmental work.

The Ministry addressed the Task Force recommendation regarding ongoing access to affordable land by creating the Land Disbursement Policy Framework for Affordable Housing, and establishing a provincial government Land Inventory. The Land Inventory allows quicker access to information about available crown land that could be assigned for affordable housing development.

The Task Force recommendation regarding cutting red tape and improving efficiencies is being addressed by developing a new model for the provincial housing continuum.

High-Intensity Residential Fires Working Group

The High-Intensity Residential Fires Working Group, an internal government committee led by the Alberta Emergency Management Agency and the Public Safety Division, was established in June 2007 to study large-loss building fires in Alberta. After a condominium complex fire in Edmonton on July 21, 2007 destroyed 18 homes and damaged 76 others, the group was expanded to include municipal fire service personnel and building and fire code officials. The group reviewed the factors surrounding high-intensity residential fires and was tasked with developing recommendations for the Minister of Municipal

Affairs and Housing on how to reduce the occurrence and severity of these fires. The working group made recommendations on public education and awareness, construction site safety and security, changes to the Alberta Building Code and Alberta Fire Code, fire investigation and reporting, and municipal land-use planning.

Minister's Council on Municipal Sustainability

In July 2007, the Government of Alberta responded to the report of the Minister's Council on Municipal Sustainability, which included recommendations in the areas of intermunicipal relationships, municipal roles and responsibilities, and municipal revenue sources.

The Alberta government accepted a majority of the 12 recommendations, including the provision of $400 million in additional funding (2007-08) to municipalities – implemented through the Municipal Sustainability Initiative – and support for the development of new regional plans in the province's metropolitan areas.

The Minister's Council, comprised of the presidents of the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties, and the mayors of Calgary and Edmonton, was tasked with examining options and proposing ways to address challenges facing municipalities over the long term.

Pandemic Influenza Operations Plan

The Government of Alberta is using a cross-ministry approach to ensure the province is prepared for the threat of pandemic influenza and ready to provide both a health response and an operational response in the event of an outbreak. The Alberta Emergency Management Agency is co-ordinating the preparation of the province's operational response in consultation with Alberta Health and Wellness, and other departments. The plan is designed to minimize societal disruption and ensure Government of Alberta departments are prepared to maintain service levels during a pandemic.

100th Anniversary of the *Libraries Act*

March 15, 2007, marked the 100th anniversary of the *Libraries Act*, which was passed in the First Legislative Assembly of Alberta. In celebration of this significant milestone, the Ministry held a commemorative event on October 30, 2007, at McKay Avenue School, the site of legislative assembly when the act was passed, and created a centennial celebration video to recognize people who have dedicated their efforts to help build public library services in Alberta.

Municipal Government Board

The Municipal Government Board held 2,580 hearings in 2007-08 compared to 524 hearings held in 1998-99. Property assessment appeals continue to account for the majority of the work before the board. However, activity levels around subdivision appeals, intermunicipal disputes and annexation applications, all of which are more time-consuming, continue to be a challenge. The board continued to work toward improving its effectiveness in managing caseloads and applying resources to handle the increased complexity of appeal hearings.

Oil Sands Region Activities

The Ministry has accepted responsibility for implementing three of the recommendations made in a December 2006 report prepared for the Oil Sands Ministerial Strategy Committee, titled *Investing in our Future: Responding to the Rapid Growth of Oil Sands Development.*

In 2007-08, the Ministry provided funding to the Regional Municipality of Wood Buffalo to assist in the timely development of area structure plans and infrastructure master plans, and to develop planning capacity for the municipality. Ministry staff commenced work on a new town feasibility study and on a housing needs and demand analysis for Fort McMurray. At the same time, the Ministry continued to support the preparation of a fiscal impact model in co-operation with the Regional Municipality of Wood Buffalo.

Along with these activities, the Ministry provided support and technical advice to the Oil Sands Sustainable Development Secretariat, which is responsible for developing and implementing a plan to address growth issues in the Regional Municipality of Wood Buffalo.

Bill 26, the *Municipal Government Amendment Act*, 2007

Amendments were made to the *Municipal Government Act* to clarify the Minister's authority to establish guidelines setting out the instructions, procedures and valuation standards for regulated property liable to assessment. Regulated property includes linear property (such as petroleum wells and pipelines, electric power property and telecommunication systems), railway property, industrial machinery and equipment, and farmland.

This bill clarifies provisions for compensation by a municipality to a landowner for a loss in land value as a result of the construction or assembly of a public work or structure on an abutting property.

Tangible Capital Assets

The Ministry continued to support the Tangible Capital Assets Implementation project. The project was initiated in 2006 to ensure that Alberta municipalities are positioned to comply with new accounting rules which will require municipalities to inventory, track and report on the value of their capital assets beginning in 2009.

The implementation of these new requirements will be a significant challenge for many local governments. The Ministry, together with the Government Finance Officers of Alberta, continued to provide training to municipal representatives across the province. The Ministry also provided a one-time grant to municipalities with populations under 20,000 to help offset related costs such as extra staff time and training, consulting and audit fees, and software upgrades.

Municipal Internship Program

In response to the difficulties faced by many municipalities in recruiting and retaining skilled planning professionals, the Ministry introduced a new component of the Municipal Internship Program. The Internship Program for

Land-Use Planners began its pilot year with seven interns who were placed in five municipalities and two planning services agencies. This new stream focuses on developing professional planners to help address the growing demand for municipal staff trained in this field of planning.

The Internship Program for Administrators placed 15 interns in 17 municipalities. This stream aims to help Alberta municipalities address their succession planning needs by training and developing administrative leaders for the future.

Both streams provide comprehensive training for recent graduates and assist the host organizations through a grant to cover some of the interns' wages and expenses.

Grade 6 Local Government Education Project and Grade 11 Careers in Local Government – High School Presentation

The Ministry developed an educational resource for teachers and municipal officials to provide opportunities for Grade 6 students to explore local government in the context of their own community and outside communities. This resource includes online and printed material, and supports the new Grade 6 social studies curriculum. Each elementary school and municipality in Alberta will receive a copy of this resource, titled *Building Communities through Local Government.*

The Ministry also developed a new, interactive presentation for high school Career and Life Management classes that municipalities can use to encourage high school students to choose a career in local government. The presentation materials include guides, handouts and electronic resources. A facilitator's guide is posted on the Ministry's website.

MEnet and the Minister's Awards for Municipal Excellence

Forty-two municipal practices were posted on the Municipal Excellence Network, or MEnet. This online resource provides municipal officials with access to information on a range of business and operational practices used by municipalities across the province. In total, more than 380 practices are posted on the network, along with additional tools, references and resources.

Each year, the contributions made by Alberta municipalities to MEnet are recognized and celebrated through the Minister's Awards for Municipal Excellence.

This year, the awards were presented to the following municipalities:

The Outstanding Achievement Award went to the towns of Banff and Canmore in partnership with the Canadian Rockies Public Schools. This partnership created a transportation system between the two communities for low-income residents. The system uses the school buses travelling empty between the two communities.

The Innovation Award was presented to the City of Calgary for its Warm Mix Asphalt Technology that enables asphaltic concrete to be produced and placed at lower temperatures, thereby reducing CO_2 emissions and fossil fuel consumption.

The recipients of the **Partnership Award** include the municipalities of Parkland County, the Town of Stony Plain and the City of Spruce Grove. These municipalities partnered with the RCMP to create a Drug Unit, a new co-operative initiative designed to combat the problem of drugs within this tri-municipal region.

The recipient of the **Smaller Municipalities Award** is the Town of Athabasca for its Municipal Heritage Management Plan. This plan will protect and manage Athabasca's historic places.

The awards were presented by Minister Ray Danyluk at the annual conventions of the Alberta Urban Municipalities Association, and the Alberta Association of Municipal Districts and Counties.

Dispute Resolution Activities

The Ministry helped manage disputes involving 33 municipalities through its Intermunicipal Dispute Resolution Program. This program helps municipalities develop local solutions to local problems, and includes pre-mediation services to determine if a dispute can be mediated. The mediations address matters such as annexation, land use, shared services, regional co-operation and cost-sharing issues. The cost of mediation is shared between all parties, including the Ministry.

The Ministry continued to work with six municipalities under the Local Dispute Resolution Program. This program helps municipalities to design internal systems for managing conflicts related to public policy, policy implementation, municipal administration, organizational or administrative conflict, contractual disputes, and other issues. The Ministry also delivered a number of courses geared to assisting municipalities involved in intermunicipal disputes.

These programs reflect the Ministry's commitment to assisting municipalities to address conflict and work together co-operatively.

Municipal Financial Assistance Handbook and Related Database

The Ministry updated and distributed the *Municipal Financial Assistance Handbook* to municipalities in 2007. This publication includes contributions from nine other ministries and provides current information on provincial financial assistance programs for municipalities and municipal service-delivery organizations.

The handbook contains basic information on more than 60 municipal grant and cost-sharing programs, eligibility criteria, program timelines, application deadlines, contact details and supporting information. New for 2007-08 was the development of an online, searchable database that includes all the information found in the handbook. The online database helps municipal officials to quickly access key information on provincial financial assistance.

Well Drilling Equipment Tax

The Ministry increased the rates under the Well Drilling Equipment Tax Rate Regulation in 2007. The new tax rates are to be phased in over three years, and reflect a significant increase in the costs of road repair since the rates were last

updated in 1977. The well drilling equipment tax was introduced more than 40 years ago to provide municipalities with a way to offset the costs of repairing damage to roads from well drilling equipment and activity.

Residential Construction Practices Consultations

In partnership with the City of Calgary, Municipal Affairs staff carried out a field survey in August 2007 on the quality of construction of new homes and condominiums. The scope of the survey team's work included building envelope issues for both single and multi-family housing. The building envelope consists of exterior walls, doors, windows and roof that protect the interior of a building from external elements, such as temperature, rain, wind and snow. Observations from this survey will help officials assess residential building practices.

Major Consultations

Municipal Sustainability Initiative (MSI)

The Ministry held a series of eight regional consultations across the province in July and August of 2007 to address concerns about the conditions placed on the use of MSI funding, and the formula for allocating funding among Alberta's municipalities.

More than 450 mayors, reeves, councillors and senior administrators attended the sessions, and many municipal stakeholders provided written input.

In response to feedback, the Alberta government announced that changes would be made to the MSI program for 2008-09 and the following years. Key features of the revised MSI program included:

- more flexibility and fewer conditions on the use of MSI funding;
- a new formula for the annual allocation of MSI funding;
- a long-term funding agreement with each municipality;
- base funding for each municipality; and
- an increase in the amount of sustainable investment funding for municipalities with weaker assessment bases.

Long-term program guidelines were released, effective January 1, 2008, for capital project funding and conditional operating funding under the MSI. For 2008-09 and subsequent years, affordable housing funding will be provided outside of the MSI.

High-Intensity Residential Fires

In January 2008, the Alberta Emergency Management Agency and Public Safety Division conducted a stakeholder consultation to discuss the recommendations of the High-Intensity Residential Fires Working Group. Building developers, municipalities and fire protection officials were invited to discuss recommendations on public education initiatives, potential changes to the Alberta Fire Code and the Alberta Building Code, fire investigation and reporting, construction site safety and security, and municipal land-use planning to prevent these large-scale fires.

Strategic Plan for Alberta Public Libraries

After a consultation process in the spring of 2007 with more than 300 public library stakeholders from large, medium, and small communities, library systems and university graduate library students, the Ministry developed a draft discussion paper; *A Vision for the Next Century in Alberta's Public Library Service.* In fall 2007, through a series of six focus group meetings across the province, the vision was discussed and priorities were identified to achieve the vision. These consultations will inform the development of a strategic plan for the future of provincial support for library services in Alberta.

Shelter Accommodation Standards Initiative

In June and July 2007, the Ministry held information sessions regarding the Shelter Accommodation Standards Initiative with shelter operators in Edmonton and Calgary. More than 40 individuals representing homeless shelters (both emergency and transitional) attended. Following the sessions, a steering committee comprised of department staff and representatives from nine shelter operators across the province took on the task of developing Shelter Accommodation Standards. In September 2007, all organizations receiving homeless shelter funding from the department were asked to review and provide feedback on the draft Shelter Accommodation Standards.

Legislative and Policy Changes

- Bill 26, the *Municipal Government Amendment Act*, 2007, clarifies the Minister's authority to establish guidelines setting out the instructions, procedures and valuation standards for regulated property liable to assessment. Regulated property includes linear property (such as petroleum wells and pipelines, electric power property, and telecommunication systems), railway property, industrial machinery and equipment, and farmland. The bill also clarifies provisions for compensation by a municipality to a landowner for a loss in land value as a result of the construction or assembly of a public work or structure on an abutting property. The bill was introduced and passed in the spring 2007 legislature and received Royal Assent on June 14, 2007.
- The Rent Supplement Regulation was amended on July 6, 2007, to include the new Direct Rent Supplement program. The program supports households in need to obtain affordable and suitable housing by subsidizing rents in private sector rental housing accommodation. The program enables management organizations to provide a rent supplement directly to a household for use on a private market rental unit.
- Regulations were enacted in 2007-08 to establish four commissions to provide regional services to member municipalities:
  - the Aspen Regional Water Services Commission will provide water treatment services to the County of Athabasca, Town of Athabasca and Village of Boyle;

- the Central Waste Management Commission will provide waste management services to Lacombe County, Red Deer County, the City of Red Deer, the towns of Bentley, Blackfalds, Bowden, Eckville, Innisfail, Lacombe, Penhold, and Sylvan Lake, and the villages of Alix, Clive, Delburne, and Elnora;
- the Darwell Lagoon Commission will provide sanitary sewage services to Lac Ste. Anne County, and the summer villages of Silver Sands and South View; and
- the Shirley McClellan Regional Water Services Commission will provide and operate a water supply system for the counties of Camrose, Lacombe, Paintearth, and Stettler; the towns of Castor and Coronation; the villages of Bawlf, Big Valley, Consort, Donalda, Halkirk, Rosalind, and Veteran; the summer villages of Rochon Sands and White Sands, and Special Areas No. 2, 3 and 4.

- Other regulatory amendments were also made in 2007-08. Significant amendments are as follows:
  - The Municipal Affairs Grants Regulation was changed to extend the payment of grants in place of taxes to qualifying seniors accommodation units for 2007 and 2008, and to provide for grant payments to municipalities under the new Municipal Sustainability Initiative.
  - The Permit Regulation, now in force, was approved by Cabinet in October 2007, after extensive consultation with municipalities and other safety system partners. The regulation establishes uniform rules for all permit issuing bodies in order to provide consistency across the province.
  - New editions of the Alberta Building, Electrical Utility, Fire, Gas, and Plumbing Codes were adopted. The Building, Fire and Plumbing Codes are based on the model national codes developed by the National Research Council, the Gas Code is based on the Canadian Standards Association's model code and the Electrical Utility Code is jointly developed by the Safety Codes Council and Alberta Municipal Affairs and Housing. These codes set the minimum standards for these disciplines in Alberta.
  - The *Libraries Act* and Regulations were amended to simplify financial reporting requirements, to permit the establishment of intermunicipal boards to serve more than one municipality and to specify the terms and conditions for dissolution or amalgamation of municipal library boards.
  - The Government of Alberta created the Alberta Emergency Management Agency in June 2007 through the *Emergency Management Act*. In addition, the new Government Emergency Management Regulation, which came into effect on January 1, 2008, further defines the Alberta Emergency Management Agency's responsibilities and outlines other departments' responsibilities in relation to emergency management.

Future Challenges

Municipal Sustainability

- Alberta is continuing to experience significant economic growth. With prosperity and the rapid speed of growth come pressures that affect municipalities and their sustainability. Growth is especially high in areas impacted by the investments in Alberta's oil sands and upgrading industries. It is expected that future investment will continue to place significant strain on the capacity of municipalities to accommodate economic and population growth and provide necessary services and infrastructure.
- Municipal infrastructure continues to be impacted by high construction costs due to rising prices for materials and a shortage of workers. These factors are making it challenging for some municipalities to keep up with the increase in the demand for new infrastructure as well as maintenance of existing infrastructure. Cost escalation is making budgeting for infrastructure projects extremely difficult as the final costs for projects is often significantly higher then initial estimates. The strong Alberta economy has resulted in increased competition with other sectors, and the province faces a shortage of qualified professionals and tradespeople. These factors are putting pressure on municipalities as they try to retain workers and develop their capacity.
- Outside of high-growth areas many municipalities are experiencing little growth and in some cases are facing declining populations. These municipalities face significant challenges in maintaining their long-term sustainability with the same or declining population base.
- In response to the sustainability-related pressures facing municipalities, Municipal Affairs and Housing is providing $11.3 billion in new funding over 10 years through the Municipal Sustainability Initiative. Given this significant funding, it is important that the government works in partnership with municipalities to ensure that funding is linked to the objectives of the initiative.

Municipal Government Board

- The Municipal Government Board is facing a number of challenges, including diverse and increasingly complex caseloads and increasing legal challenges. The board also faces the challenge of achieving administrative efficiencies in scheduling, hearing and deciding a high number of cases. The Ministry is committed to addressing the issues underlying the complexity and increased assessment case load before the Board.

Non-profit/Voluntary Sector

- Alberta's more than 19,000 charities and non-profit organizations play an essential role in strengthening communities, providing community-based programs and services, and fostering citizen participation. These organizations have diverse mandates while at the same time, share common issues and challenges that impact their viability. Challenges include a shortage of funding with escalating operating costs, attraction and retention of volunteers and skilled staff, and risk management and protection issues. In addition, strong

economic growth and a growing population have increased the demand for community-based programs and services. In the next year a newly-formed Alberta Nonprofit/Voluntary Sector Initiative Collaboration Committee will work toward addressing these challenges.

- Municipalities across Alberta are finding it increasingly difficult to sustain their volunteer fire services. A key challenge for the Alberta Emergency Management Agency is to find new ways of helping municipalities maintain the technical and operational expertise, inspections and investigations capability, and public education resources their fire services need to provide the best possible emergency services to their communities.

Public Library Capacity

- Capacity issues such as staffing shortages and the need to provide more technically complex services to an increasingly diverse and growing population base has impacted public library services. These issues are of particular importance to smaller municipalities. In 2008-09, the Ministry will work with public library stakeholders and Albertans to address the future of provincial support for public library services in Alberta.

Housing

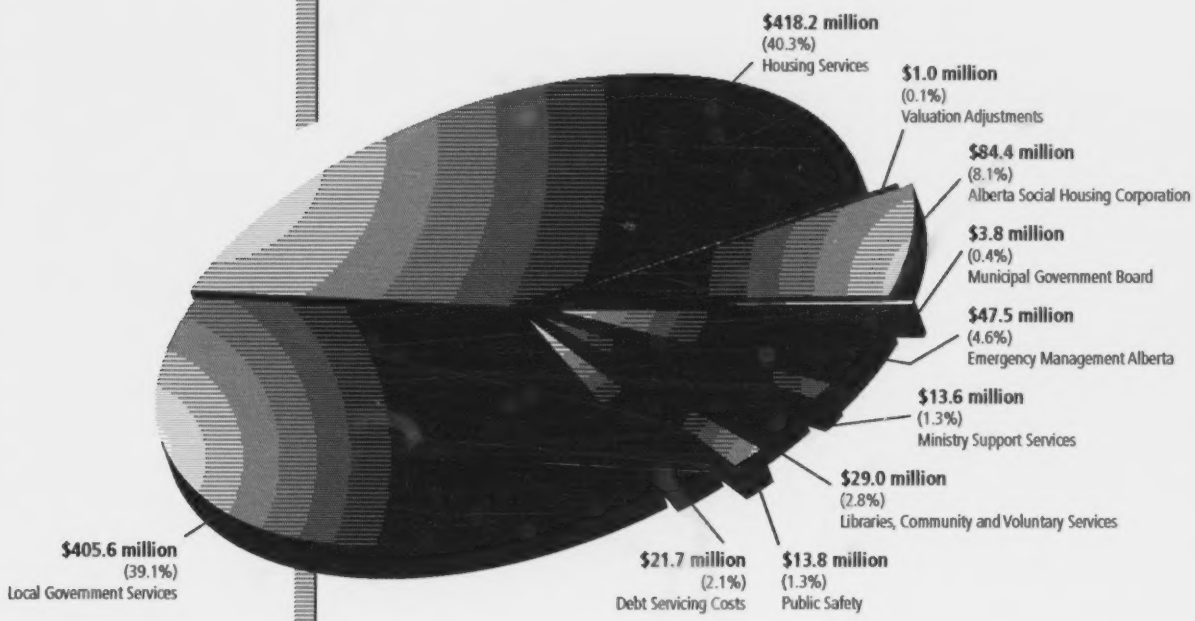
- Alberta municipalities and communities continue to face growth, capacity and sustainability challenges relating to economic growth. There continues to be ongoing pressure on the availability of affordable housing and growing numbers of homeless, in addition to urban communities facing unique issues arising from growth pressures.
- Alberta faces a significant homeless challenge. To address this challenge, the Minister established the Alberta Secretariat for Action on Homelessness, which will develop and implement a provincial 10-year strategic plan to address homelessness.
- In-migration and immigration to the province continues to be strong, creating more demand on the housing sector. The number of growing communities experiencing housing pressures has increased and now encompasses both rural and urban municipalities. Higher housing costs, increased utility costs and low vacancy rates have contributed to the demand for more affordable housing. The private sector has focused on ownership rather than rental property. Lower-income Albertans whose incomes have stayed relatively flat during this period of economic growth are finding it harder to pay for suitable accommodation. The province will continue to support communities to help address their distinct housing needs through capital funding initiatives.
- Economic growth and the related increased population growth from in-migration and immigration has resulted in increased housing pressures, followed by an increasing demand for other government services and infrastructure. These issues are particularly acute in major urban centres. The larger urban centres are finding it a challenge to provide the services and infrastructure required to meet the community needs associated with growth.

Financial Highlights

Ministry of Municipal Affairs and Housing
For the year ended March 31, 2008

(thousands of dollars)

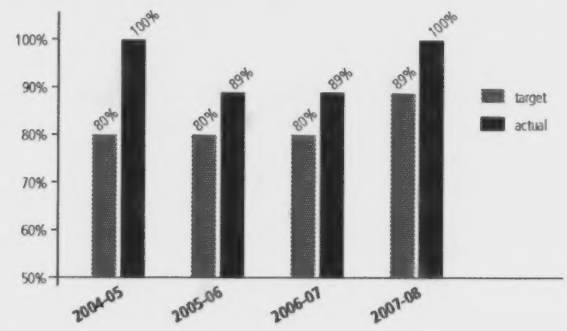
	2008		2007
	Budget	Actual	Actual
			(Restated)
Revenues	$ 152,191	$ 184,909	$ 178,766
Expenses	861,475	1,038,573	456,707
Net Operating Results	(709,284)	(853,664)	(277,941)
Capital Expenditures	$ 1,290	$ 1,036	$ 958



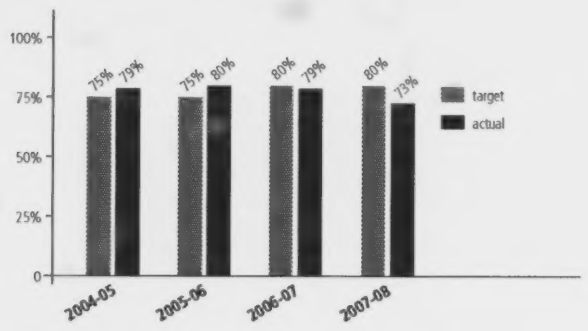
	2008	2007
		(Restated)
Assets	$ 1,023,565	$ 1,025,683
Liabilities	$ 653,459	$ 659,022
Net Assets	$ 370,106	$ 366,661

Performance Measures Highlights

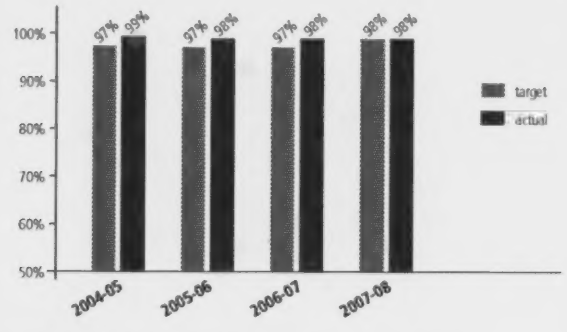
Client satisfaction with Local Government Services



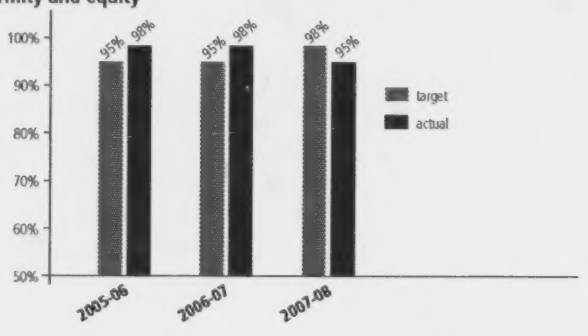
Albertans' satisfaction with their local governments



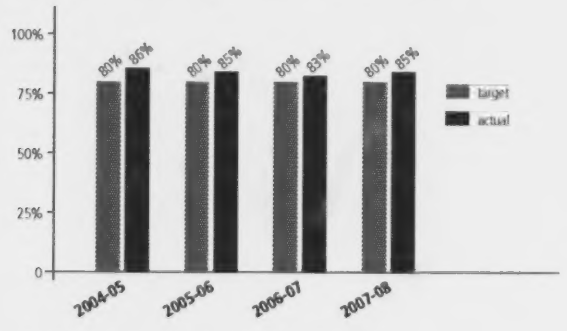
Financially accountable municipalities



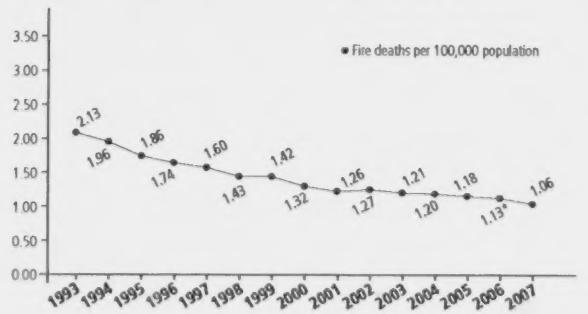
Assessment rolls meet provincial standards for procedures, uniformity and equity



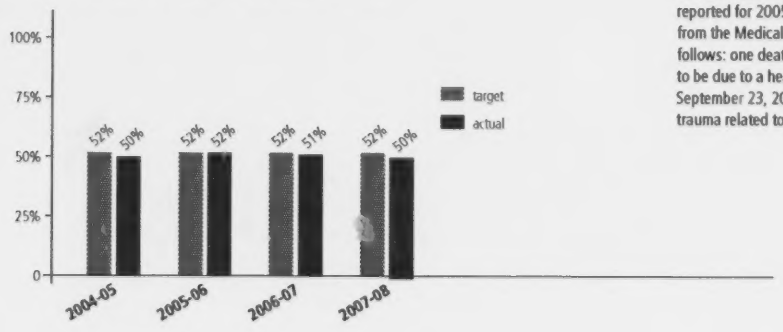
Stakeholder satisfaction with Municipal Government Board



Ten-year moving average of fire death rate per 100,000 population



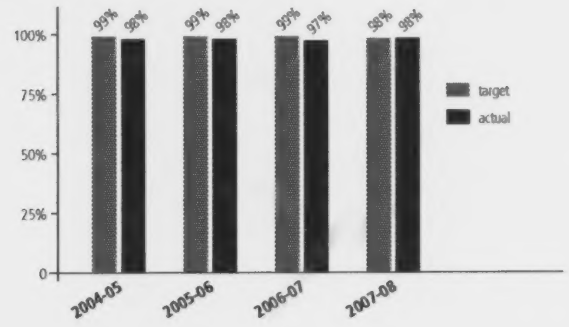
Usage of public library services by adult Albertans



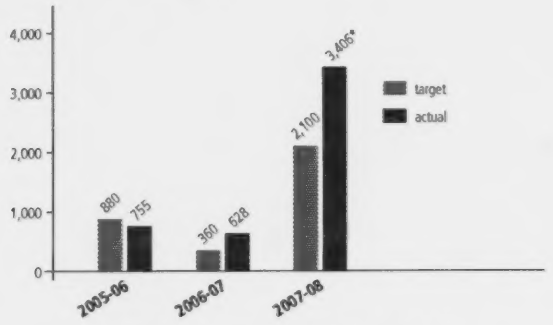
***Note:** The revised actual (1.18) differs from the audited actual (1.19), due to revision of the number of deaths after the date of calculation. The total number of 40 deaths reported for 2005 at the 2006 audit date was revised to 38 following confirmation from the Medical Examiner's Office that two deaths were not determined fire deaths, as follows: one death, on March 18, 2005, determined by the Medical Examiner's Office to be due to a heart attack was removed from the fire death data; and one death, on September 23, 2005, determined by the Medical Examiner's Office to be due to blunt trauma related to a motor vehicle collision was removed from the fire death data.

Performance Measures Highlights

Customer satisfaction with capacity building facilitation services and workshops

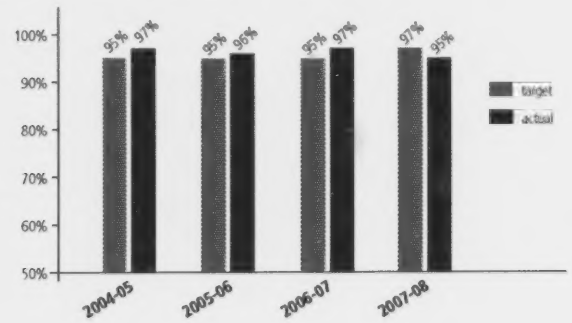


Number of affordable housing units developed* with support from provincial funding

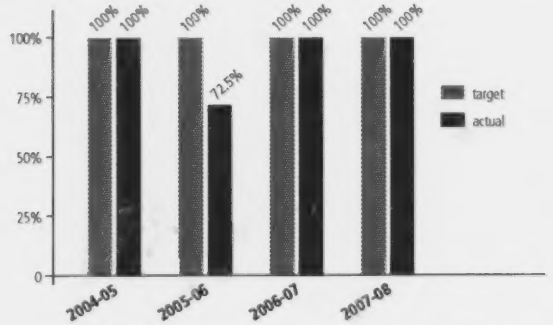


***Note:** The Ministry defines "developed" as projects with funding commitments that are in any phase of development.

Satisfactory administration of the *Safety Codes Act*

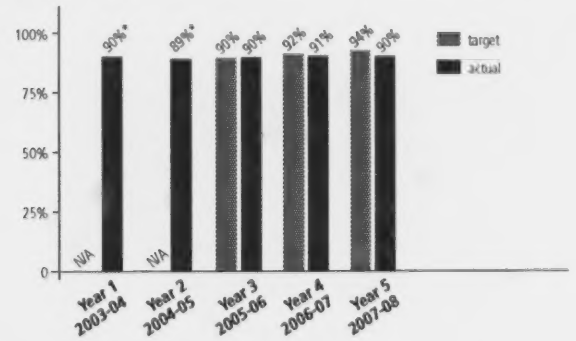


Disaster claims within 30 days



***Note:** Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

Emergency preparedness testing



***Note:** Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

Source for graphs:

Alberta Municipal Affairs and Housing
and Municipal Government Board

Deputy Ministers' Message

Municipal Affairs and Housing was involved in numerous activities in 2007-08, focused on achieving all of the Government of Alberta's and Ministry's priorities. Following Premier Stelmach's announcement of new ministry structures on March 12, 2008, two new ministries were formed: Municipal Affairs, and Housing and Urban Affairs.

In 2007-08, the Ministry continued to support municipalities through the Municipal Sustainability Initiative (MSI). Under the MSI, municipalities received an additional $400 million in provincial funding in 2007-08. The Ministry held a series of consultations across the province in July and August 2007. The consultations addressed concerns about the conditions placed on the use of MSI funding, and the formula allocated for funding. In response to the feedback, the Alberta government announced changes would be made to the MSI program for 2008-09 and following years.

In July 2007, the Premier announced his commitment to the development of a long-range plan to manage growth in Alberta's Capital Region for the next 50 years. The Capital Region Board was created and consists of the 25 mayors and reeves from municipalities that make up the region. The board's immediate priority is to create a long-range plan on regional land use and infrastructure such as roads and transit.

In response to the Alberta Affordable Housing Task Force, government responded by providing $279 million in new funding, in addition to funds allocated in Budget 2007.

Several new initiatives were introduced to help address some of the housing pressures that were being felt across Alberta: a new Direct Rent Supplement Program for tenants; a new Homeless and Eviction Prevention Fund; new funding for transitional housing for the homeless; increased support for homeless shelters that resulted in sufficient spaces for the winter across the province; and, a commitment to create 11,000 additional affordable housing units by 2012.

Ongoing relationships with municipalities, the federal government, the private sector and not-for-profit organizations also helped to leverage additional community support, along with developer investment, that resulted in more than 3,400 new affordable housing units in Alberta last year.

The recently-created Alberta Secretariat for Action on Homelessness will deliver a 10-year plan to address homelessness by fall, 2008. Through the Secretariat, we hope to find innovative measures to effectively address homelessness in Alberta.

These are just a few of the highlights of the work Municipal Affairs and Housing has been involved in over the past year. As we move into 2008-09, we look forward to future challenges and successes.

Original signed by:

Ray Gilmour
Deputy Minister, Municipal Affairs

Original signed by:

Marcia Nelson
Deputy Minister, Housing and Urban Affairs

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Municipal Affairs and Housing's 2007-2008 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2007. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.

3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Edmonton, Alberta
August 7, 2008

Original Signed by:

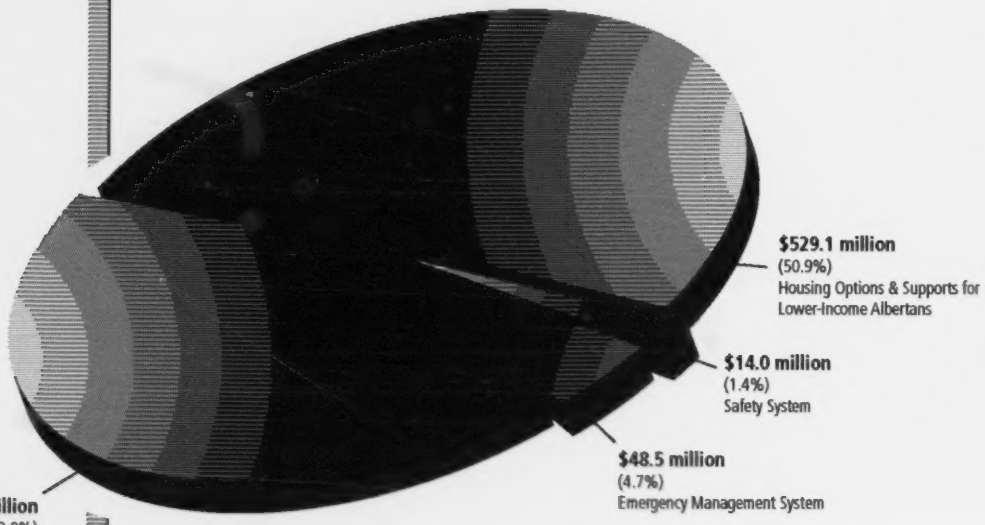
FCA
Auditor General

Note: The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Expense by Core Business

Ministry of Municipal Affairs and Housing
For the year ended March 31, 2008
(thousands of dollars)

	2008		2007
	Budget	Actual	Actual
			(Restated)
Local Governments, Voluntary Services & Communities	$ 454,371	$ 446,970	$ 129,422
Housing Options & Supports for Lower-Income Albertans	362,306	529,101	301,075
Safety System	33,824	14,049	13,344
Emergency Management System	10,974	48,453	12,866
	$861,475	$1,038,573	$ 456,707



The Ministry Support Services and Valuation Adjustments expenses, as reported on the Ministry Consolidated Statement of Operations, have been allocated to each core business. See each of the core businesses for the allocation.

Expense by Function

Ministry of Municipal Affairs and Housing
For the year ended March 31, 2008
(thousands of dollars)

	2008		2007
	Budget	Actual	Actual
			(Restated)
Protection of Persons and Property	$ 43,516	$ 61,308	$ 25,368
Regional Planning and Development	393,528	387,983	82,560
General Government	39,767	36,082	31,135
Recreation and Culture	26,807	28,982	24,385
Housing	316,854	460,922	210,767
Social Services	19,268	41,562	23,272
Debt Servicing	21,735	21,734	59,220
	$ 861,475	$ 1,038,573	$ 456,707

Goals, Results and Measures by Core Business

Core Business One –
Support the development and long-term sustainability of local governments, the voluntary sector and communities

Goal 1: A responsive, cooperative and well-managed local government sector

Results

- Supported the development of a Capital Region Integrated Growth Management Plan by participating on the project team, making recommendations on managing the anticipated growth in the capital region over the next 20 to 50 years. Worked on the establishment of a new Capital Region Board and the development of a framework for the capital region plan.
- Developed the Municipal Sustainability Initiative to provide municipalities with predictable, sustainable funding by working closely with the ministries of Finance, Treasury Board, and Infrastructure and Transportation. This program was announced on April 24, 2007. The funding formula for the Municipal Sustainability Initiative was developed in consultation with mayors, reeves, councillors and senior administrators from municipalities across the province.
- Began the implementation of the province's response to the accepted recommendations of the Minister's Council on Municipal Sustainability. In July 2007, the Government of Alberta responded to the report of the Minister's Council on Municipal Sustainability. The Alberta government accepted a majority of the 12 recommendations, including the provision of $400 million in additional funding (2007-08) to municipalities – implemented through the Municipal Sustainability Initiative – and support for the development of new regional plans in the province's metropolitan areas. The Minister's Council is comprised of the presidents of the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties, and the mayors of Calgary and Edmonton.
- Developed a three-year work program in conjunction with the Regional Municipality of Wood Buffalo to develop area structure plans, an infrastructure master plan and to deal with other municipal planning capacity issues.
- Managed the development of a fiscal impact planning model for the Regional Municipality of Wood Buffalo, and supported the Housing Needs Analysis project in order to ascertain housing needs in Fort McMurray.

- Provided advisory services to returning officers, candidates, elected officials and the general public relating to the municipal elections held in October 2007. Also collected and disseminated nomination data and official results of the municipal elections.
- Placed 15 interns in 17 municipalities through the administrator stream of the Municipal Internship Program and placed seven interns in five municipalities and two planning services agencies through the pilot year of the land-use planning stream of the Municipal Internship Program.
- Provided support and assistance to municipalities that were engaged in municipal restructuring processes, or exploring the possibility of restructuring. The level of this activity has increased and, in 2007-08, the Ministry assisted with three amalgamation negotiations, completed dissolution studies for two villages and began work on dissolution studies for three other villages. During the year, the Municipality of Crowsnest Pass became a specialized municipality; the Town of Lac La Biche and Lakeland County amalgamated to form Lac La Biche County; and the Village of Sangudo dissolved into hamlet status in Lac Ste. Anne County.
- Provided $14.3 million in grants under the Municipal Sponsorship Program, of which $8 million was provided to 87 partnerships where two or more municipalities come together to work on projects of common interest and benefit.
- Provided $0.7 million in grants to eight partnerships under the Regional Partnerships Initiative to explore shared services and related partnership opportunities in their respective regions.
- Provided a one-time grant under the strategic initiatives component of the Municipal Sustainability Initiative to offset some of municipalities' costs related to the Tangible Capital Assets Implementation project. This project was initiated in 2006 to ensure that Alberta municipalities are positioned to comply with new accounting rules, which will require municipalities to inventory, track and report on the value of their capital assets beginning in 2009.
- Assisted municipalities in finding solutions for 16 disputes involving 33 municipalities through the Intermunicipal Dispute Resolution Program. Continued to work with six municipalities through the Local Dispute Resolution program.
- Issued the 2007 Official Population List, which shows the official population figures of municipalities and Métis settlements as of September 1, 2007. This list is used by a number of provincial government departments to support decisions relating to their grant programs.

Measure

Level of satisfaction with the Local Government Services Division's activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector.

The measure calculates the percentage of units within the division that achieved their individual performance targets. Unit performance is determined through a client satisfaction survey of stakeholders.

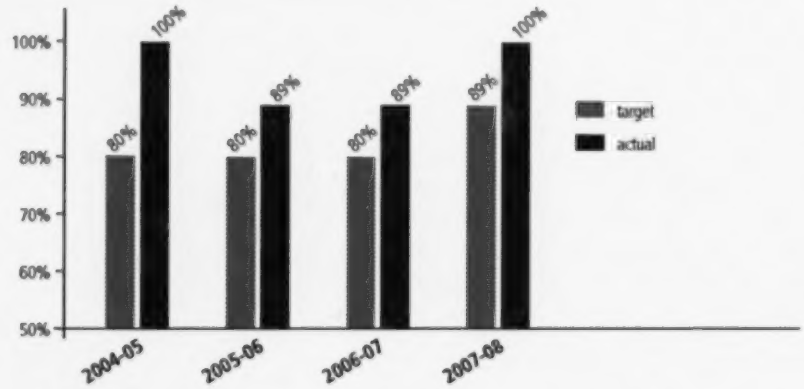
Performance Measure 1a

Description: Stakeholder satisfaction rates are a strong indicator of the effectiveness of Municipal Affairs and Housing's activities, services, programs and legislative framework, which are designed to promote, enable and support a responsive, co-operative and well-managed local government sector. An annual client satisfaction survey measures stakeholders' satisfaction with the services they received from the Local Government Services (LGS) Division.

Target: 89 per cent

Actual Results: The target was exceeded in 2007-08 with an actual result of 100 per cent.

Client satisfaction with Local Government Services



The target has been either met or exceeded each year since the measure was established. This year's actual results indicate a high level of satisfaction with the services provided by LGS to promote, enable and support a responsive, co-operative and well-managed local government sector.

Analysis: The measure is calculated based on the percentage of the units within LGS that achieved their performance targets, which accounts for the large variance in actual results from year to year. The target of 89 per cent is set so that it is not met if more than one unit does not achieve their individual client satisfaction target.

In 2007-08, all nine of the LGS units either met or exceeded their targets. The Regulated Assessment Policy Unit (RAP) did not achieve their target of 70 per cent in 2006-07. The unit met this target in 2007-08, likely due to a better understanding, among stakeholders, of the services RAP provides.

The instrument has been modified somewhat since it was developed in 2000 to reflect business changes within LGS, but these changes do not affect the meaning of the survey; thus the results are still comparable to those of previous years.

Units within Local Government Services that achieved their performance targets

Local Government Services Unit	Target by Unit	Result Attained	Met Target (Yes/No)
Planning and Co-ordination Unit	80 per cent overall satisfaction	97 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	88 per cent	Yes
Municipal Advisory Services Unit	80 per cent overall satisfaction	96 per cent	Yes
Grants and Administration Unit	81 per cent overall satisfaction	95 per cent	Yes
Municipal Organizational Development Unit	75 per cent overall satisfaction	100 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	84 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	86 per cent	Yes
Regulated Assessment Policy Unit	70 per cent overall satisfaction	70 per cent	Yes
Assessment Audit Unit	65 per cent overall satisfaction	81 per cent	Yes
Percentage of Units Meeting Their Targets	**89 per cent of the units meet their targets**	**100 per cent**	**Yes**

Performance Measure 1b

Measure

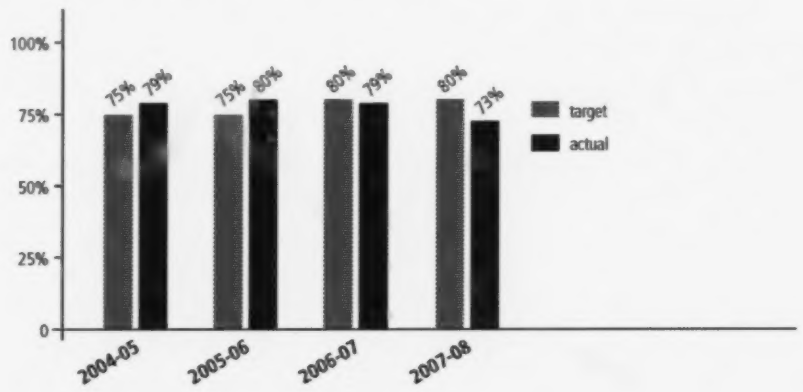
Albertans' satisfaction with their local governments – Percentage satisfied.

Description: Municipalities provide a broad range of services to Albertans where they live, work and participate in recreational activities. The Government of Alberta assists municipalities through policies and programs that encourage the development of strong and vibrant communities. Funding and services are provided by the provincial government to a variety of local government entities throughout the province to help maintain responsive, well-managed, sustainable and accountable local governments.

Target: 80 per cent

Actual Results: The target was not met in 2007-08, with an actual result of 73 per cent.

Albertans' satisfaction with their local governments



Analysis: In 2007-08, the results show a six per cent decrease in Albertans' level of satisfaction with their municipal governments. While unable to determine conclusively the factors causing this decrease, the survey was conducted just prior to the municipal elections, so increased press coverage and candidate debate on municipal issues may have had an effect. Many municipalities are also facing challenges in addressing growth and capacity-related issues in their communities such as development and the provision of services. These issues may be factors in the decrease in Albertans' level of satisfaction with their municipal governments.

Goal 2: Financially sustainable and accountable municipalities

Results

- Administered funding under the new Municipal Sustainability Initiative (MSI): $270.5 million of capital funding was distributed to municipalities to be used for qualifying capital infrastructure projects. All 359 MSI (2007) capital project funding agreements and 357 of 359 long-term agreements were executed by March 31, 2008. Qualifying capital infrastructure projects include: municipal roadways, bridges, and related facilities and equipment; public transit vehicles and facilities; water supply, treatment, and distribution systems; wastewater collection and treatment systems; storm sewer drainage systems and facilities; emergency service facilities and equipment; solid waste management facilities and equipment; regional and community airport facilities and equipment; heavy construction and maintenance equipment; infrastructure management systems; environmental energy improvements; other municipal buildings and facilities (including recreational and sports facilities; libraries; municipal halls or administrative buildings; public works buildings; cultural/community centres; tourist facilities; campground facilities; convention or trade centres; exhibition buildings; performing arts facilities; museums; art galleries; designated local heritage sites; permanent park facilities; and other municipal building projects as may be deemed appropriate by Municipal Affairs and Housing); and other municipal physical infrastructure.
- $19.5 million of operating funding under the MSI was distributed to municipalities to be used for qualifying operating expenses related to planning activities, administration, recreation and other municipal services, and as assistance to non-profit organizations. Ninety-two municipalities submitted 134 project applications under the 2007 MSI operating component. All 347 MSI (2007) operating agreements were executed by March 31, 2008
  - $7.8 million of operating funding under the MSI was used for project-specific strategic initiatives, such as the one-time grant to smaller municipalities for the tangible capital assets project.

Also administered the following grant programs in support of municipalities:

- $36.1 million through the Grants in Place of Taxes Program, which provides municipalities with a grant equivalent to the property taxes that would be recoverable on crown property if it were not exempt from taxation, as well as the municipal portion of property taxes on non-profit, unsubsidized, self-contained seniors' accommodations.
- $18.6 million in unconditional grants that included $4.1 million in restructuring grants and $0.7 million to eight partnerships under the Regional Partnerships Initiative. Municipalities involved in restructuring included Lac Ste. Anne County being the receiving municipality upon the dissolution of the Village of Sangudo, and Lac La Biche County being formed as the result of the amalgamation of the Town of Lac La Biche and Lakeland County. The grants helped to minimize the cost of implementing the municipal restructuring incurred by the receiving municipality and the newly formed amalgamated municipality.

The Regional Partnerships Initiative promotes a structured approach to regional co-operation that has resulted in costs savings, improved service delivery, the introduction of new municipal services and stronger relationships with municipal neighbours. Several partnerships now have improved or new provision of regional emergency services, regional water and wastewater, regional geographic information services, regional cost sharing and revenue sharing agreements, and regional strategic and business planning models. Regional co-operation has resulted in an improved quality of life and strengthened municipalities so they are better positioned to undertake the challenges associated with population growth and land-use planning.

- $14.3 million through the Municipal Sponsorship Program, was used to improve governance, intermunicipal co-operation, administrative services or service delivery practices. In the 2007-08 fiscal year, 350 municipalities participated in 308 projects under this program, which includes six priority categories that relate to energy efficiency; infrastructure management systems; emergency services; sustainability and land-use planning; water, wastewater and solid waste management systems; and recreation.
- $1.3 million through the Municipal Debenture Interest Rebate Program, which subsidizes the interest paid by municipalities on certain high-interest debenture borrowings from the Alberta Capital Finance Authority.
- $15.3 million to 80 local authorities to help them address various municipal matters including:
  - $0.1 million to subsidize loan interest for 71 municipalities with 84 projects that have borrowed funds under the ME first! program, which was introduced in 2003 to support projects that improve energy savings and reduce greenhouse gas emissions.
  - $6.8 million to the Regional Municipality of Wood Buffalo to offset the interest for its loan from the Alberta Capital Finance Authority to help facilitate the construction of urgently needed infrastructure in Fort McMurray.
  - $1.2 million to the Regional Municipality of Wood Buffalo for the first year of the three-year, $3.6 million program to assist with municipal planning initiatives.

- $1.6 million to the Town of Banff for its downtown infrastructure rehabilitation project to replace the 95-year-old underground utilities (water distribution system, sanitary sewer and storm sewers) for the 100 and 200 blocks of Banff Avenue. This includes the reconstruction of roadways, sidewalks and the installation of new street lighting and furnishings. In addition, the Town of Banff received $37,500 for a research project to define tourism and resort communities in Alberta, and identify potential revenue sources to assist these communities.
- $1,330,000 to municipalities to participate in the 2008-09 Municipal Internship Program. The Internship Program for administrators and (new this year) land-use planners provide comprehensive training for recent graduates, and assist the host organizations through a grant to cover some of the interns' wages and expenses. The land-use planners stream began its pilot year with seven interns who were placed in five municipalities and two planning services agencies. This new stream focuses on developing professional planners to help address the growing demand for municipal staff trained in this field of planning. The Internship Program for administrators placed 15 interns in 17 municipalities. This stream aims to help Alberta municipalities address their succession planning needs by training and developing administrative leaders for the future.
- $205,000 to the Municipality of Jasper for Phase 3 of the Central Business District Utility and Street Upgrade. This project involves upgrades to water services, installation of storm and surface drainage and improved traffic circulation in the business district. Also provided $211,750 in additional funding for the Hazel Avenue CN Rail Pedestrian Underpass. This project aims at increasing the safety and convenience of pedestrian and cycle crossings at this location.
- $164,912 to the Alberta Association of Municipal Districts and Counties (AAMDC) to assist with planning, education programs, and various administrative costs. The AAMDC represents Alberta's rural municipalities which provide a broad range of services to Albertans.
- $38,000 to the Alberta Urban Municipalities Association (AUMA) to support convention expenses. The AUMA represents Alberta's cities, towns, villages and summer villages which provide a broad range of services to Albertans.
- $208,000 and $79,304 to the Townsite of Redwood Meadows as equivalent grants to the Alberta Municipal Infrastructure Program and the Municipal Sustainability Initiative to purchase a fire truck and a rapid-attack firefighting vehicle, respectively. A grant of $20,880 was also provided to purchase audio-visual and computer equipment.
- $100,000 to the Town of Turner Valley for the amalgamation negotiations between the Towns of Turner Valley and Black Diamond. Along with meetings of the joint council amalgamation committee, the amalgamation process included community public meetings, a public communication program plus a plebiscite of town electors on the question of amalgamation. The result of the process was to continue as two incorporated municipalities that will pursue additional regional initiatives to better serve residents of each town.

- $20,000 each to four municipalities (towns of Raymond and Whitecourt, Starland County and Saddle Hills County) for a municipal guidebook pilot project aimed at helping municipalities with their succession planning and staff development.
- $79,143 in mediation grants to 10 municipalities for dispute resolution. In the past fiscal year, the Ministry helped manage disputes involving 33 municipalities through its Intermunicipal Dispute Resolution Program. This program helps municipalities develop local solutions to local problems, and includes pre-mediation services to determine if a dispute can be mediated. The mediations address matters such as annexation, land-use, shared services, regional co-operation and cost-sharing issues. The cost of mediation is shared between all parties, including the Ministry.
- The Ministry continued to work with six municipalities under the Local Dispute Resolution Program. This program helps municipalities to design internal systems for managing conflicts related to public policy, policy implementation, municipal administration, organizational or administrative conflict, contractual disputes, or other issues. The Ministry also delivered a number of courses geared to assisting municipalities involved in intermunicipal disputes. These programs reflect the Ministry's commitment to assisting municipalities to address conflict and work together co-operatively.
- $1,115,748 in supplementary sustainable investment funding to 56 municipalities that would otherwise receive less funding under the Municipal Sustainability Initiative in 2007-08 than the funding they received under the Targeted Investment Initiative in 2006.
- $750,000 to the City of Cold Lake to construct the sewage lift station for the Cold Lake Energy Centre. The City of Cold Lake is targeting to complete the project by November 30, 2008.
- A one-time grant of $252,000 was provided to the Government Studies Program in the Faculty of Extension at the University of Alberta to refresh and expand the Applied Land Use Planning Certificate Program. The funding will be used to create five new courses and redevelop four existing courses. The program is offered with the objective of increasing the educational and training opportunities for planners, development officers and municipal officials across the province.
- A one-time grant of $22,750 was provided to the Government Studies Program in the Faculty of Extension at the University of Alberta to continue the delivery of the online MuniMall Newsletter for one year. The newsletter is a bi-weekly publication that highlights municipal stories from around Alberta and across the country.
- $55,000 to the City of Leduc to support the development of a regional fire and emergency services master plan with Leduc County and Edmonton Airports. The project will analyze resources, identify risks and develop joint service scenarios that will improve emergency service response in the region.

Performance Measure 2a

Measure

Percentage of municipalities meeting the Ministry's criteria of financial accountability as established in the *Municipal Government Act*.

Description: The source for this measure is the *Municipal Government Act (MGA)*. The *MGA* does not contain a definition of "financial sustainability and accountability." However, there are legislated limits and indicators that, if consistently exceeded, would indicate major financial management stress, if not failure. These include:

Section 244: sets a criterion that if the sum of the three previous years' revenues, transfers and expenditures place the municipality in a deficit position that has to be rectified in the fourth year's operating budget;

Section 252: prohibits borrowing unless it is within the debt limit or is approved by the Minister. The Debt Limit Regulation sets limits on municipal debt in two ways (debt and debt service);

Section 278: obligates the municipality to submit an audited prescribed financial information return and audited financial statements by the legislated date; and

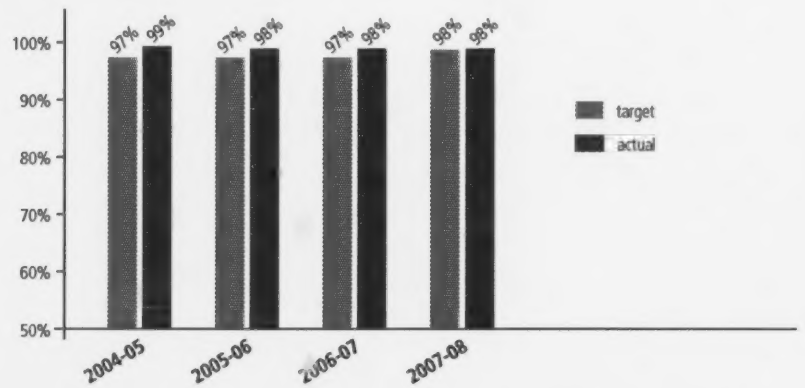
Section 282: authorizes the Minister to appoint an auditor to review the financial affairs of the municipality under certain circumstances.

Exceeding any one of these limits does not necessarily imply a lack of sustainability. However, a pattern of exceeding the limits regularly or not addressing the associated problem proactively is a good indicator of financial or other viability issues.

Target: 98 per cent

Actual Results: The target was met in 2007-08 with an actual result of 98 per cent.

Financially accountable municipalities



The result for each of the years as calculated provides thresholds of tolerance against which to examine future years' results. As the target of 97 per cent has been exceeded in each of the years since 2002-03, in the 2007-10 business plan the target was increased to 98 per cent.

Analysis: The target has been exceeded each year since the measure was established. Actual results in 2007-08 were identical to results achieved in 2006-07. This indicates a high level of achievement towards the goal of financially sustainable and accountable municipalities.

The actual results indicate that there are a minimal number of municipalities with serious accountability problems. Alberta Municipal Affairs and Housing continues to review municipal financial information and provide assistance and financial advice as required and requested.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Results

- Reviewed the annual assessments prepared by the 354 municipalities in Alberta. This annual audit process determines whether the assessment information reported to the department by the municipality meets the standards for assessment quality set out under provincial regulations.
- Conducted detailed audits for 50 municipalities. Under the Ministry's assessment audit program, each municipality's assessment procedures are reviewed in detail on a five-year cycle.
- Completed the detailed assessment audit for Edmonton and prepared detailed assessment audit findings and recommendations for Calgary.
- Completed the review of the valuation of 787 provincially-owned properties in 23 municipalities within targeted timelines. The review process resulted in a reduction of $133,037 in grants paid to municipalities in place of property taxes on 17 provincially-owned properties.
- Prepared the annual assessments of linear properties on behalf of Alberta municipalities. The total assessed value of linear property increased by 11.5 per cent for the 2008 tax year, from $54.8 billion in 2007 to $61.7 billion in 2008. For the 2008 tax year, linear property will generate an estimated $910 million in property tax revenue, up from the 2007 estimate of $800 million. The majority of the increase relates to electric power generation, distribution and transmission.
- Responded to linear property assessment appeals to the Municipal Government Board involving approximately 23,000 properties. The appeal process helps to maintain assessment fairness and equity as required under Alberta legislation and regulations.
- Prepared the 2008 equalized assessment using data supplied by each municipality. The equalization process adjusts all taxable property assessments in the province to a common level in order to equitably allocate the $1.54 billion in education property taxes that was requisitioned from municipalities in 2007. The total provincial equalized assessment increased from about $390 billion in 2007 to about $515 billion in 2008, an increase of approximately 32 per cent.

- Held six information sessions across the province with 124 municipal chief administrative officers and property assessors to discuss a number of assessment- and tax-related topics.
- Participated in client training programs to contribute to the knowledge base and expertise of assessment professionals, municipal administration staff and Assessment Review Board (ARB) members and clerks:
  - delivered training presentations on assessment functions to ARBs, Lakeland College, the Alberta Assessors' Association and the municipal internship training programs;
  - participated in the curriculum review of Lakeland College's Appraisal and Assessment program; and
  - commenced a review of the Property Assessment in Alberta Handbook with two draft modules completed.
- Provided a number of information sessions in February 2008, to give stakeholders insight into the linear assessment process and policies. These sessions were held in Edmonton, Calgary, Red Deer and Grande Prairie. The sessions were one way in which linear property assessment staff helped maintain an open and transparent relationship with municipal and industry stakeholders.

Performance Measure 3a

Measure

Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Description: This performance measure is a statistical indicator of the overall level of compliance with the quality standards set out in the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act*.

Part of Alberta Municipal Affairs and Housing's role in the assessment and property tax system is to communicate assessment standards, and monitor the property assessments carried out by municipalities to ensure that a municipality's assessment meets regulated quality standards and is a fair basis for inter-municipal cost-shared programs, such as education. Furthermore, the department monitors municipal assessment quality to ensure that assessments are fair within municipalities. Measuring compliance trends over time demonstrates the department's effectiveness in improving the assessment system in Alberta.

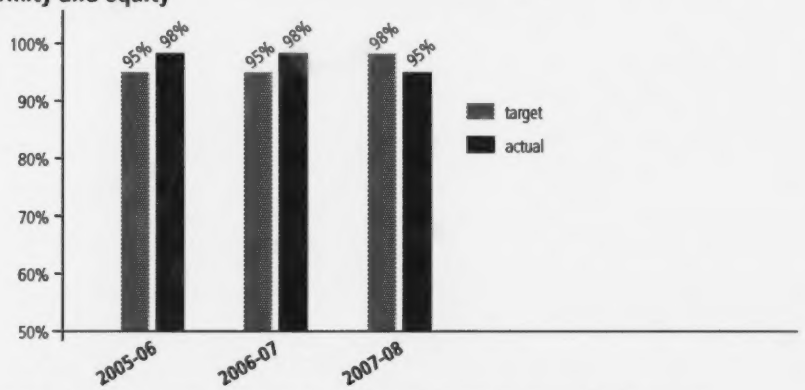
Measuring compliance is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal contractors or municipal employees. It supports the government's goal to build a stronger Alberta because an efficient, stable and uniform assessment base within and between municipalities promotes a climate conducive to investment, wealth generation and job creation.

The annual audit is the method used to monitor assessment quality. The objective of the annual audit is to statistically verify whether municipal assessments meet regulated quality standards.

Target: 98 per cent

Actual Results: The target for 2007-08 was 98 per cent with an actual result of 95 per cent.

Assessment rolls meet provincial standards for procedures, uniformity and equity



*As the target of 95 per cent was exceeded in the two previous years, the target was increased to 98 per cent in the 2007-10 business plan.

Analysis: The result is comprised of two property categories: residential and non-residential. The residential property category did not meet the target and the non-residential property category did meet the target in 2007-08. In the residential property category, 29 out of 354 municipalities (8.19 per cent) had assessment levels outside of 0.95 and 1.05, the acceptable range for median assessment ratios. In the non-residential property type category, four of 321 municipalities (1.25 per cent) had assessment levels that were outside of the acceptable range. Overall, the results show that a high percentage of municipalities are achieving compliance with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation. Unprecedented shifts and variability in the market may have caused considerable analysis challenges for municipalities and lead to the decrease in the actual results from 98 per cent in 2006-07 to 95 per cent in 2007-08.

Although the measure has existed in the business plan since 2001, there were three changes to the assessment process in 2004-05 that affected how the measure was calculated. The 2004-05 target was established prior to the changes in business and methodology and therefore is not directly comparable with 2004-05 actual results. Similarly, previous years' actual results are not comparable to results achieved since 2004-05 and are therefore not included.

Goal 4: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

Results

- The number of appeal hearings held by the Municipal Government Board (MGB) continues to be very high; 2,580 in 2007-08 versus 524 in 1998-99. Property assessment appeals and linear assessment complaints continue to account for the majority of the work before the MGB, but all appeal types, including subdivisions and annexation applications, increased the demands made on the board.
- Completed enhancements to the new database system in partnership with the City of Edmonton and the Province of British Columbia.
- Completed a stakeholder survey and follow-up sessions, and responded to client feedback by making changes to improve MGB practices and procedures to better serve client needs.
- Conducted quarterly and specialized training workshops with board members and staff to strengthen knowledge and skills for achieving quality adjudication processes and decisions on matters before the MGB.
- Applied the use of one-member panels to increase MGB efficiencies and support a user-friendly appeal environment. Utilized one-member panels to deal with administrative matters and stimulate more aggressive and timely scheduling and hearing of appeals, particularly in grouping similar appeal matters.

Performance Measure 4a

Measure

Percentage of parties who appear before the Municipal Government Board who are satisfied or neutral regarding the board's services and processes.

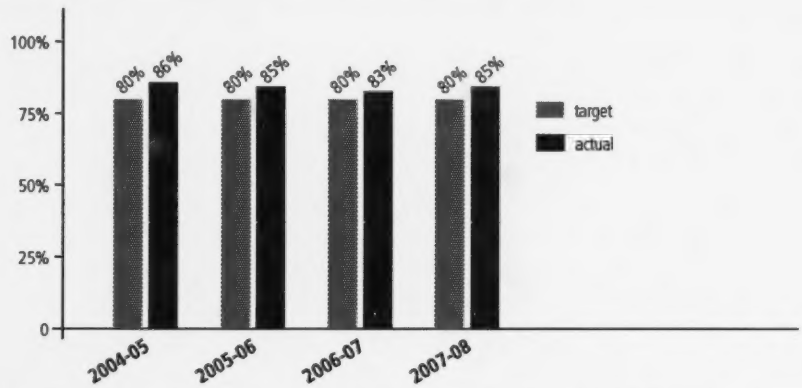
Description: It is a requirement of the Municipal Government Board that it make and be seen as making impartial, independent decisions that are of a high quality. The MGB sets out to hear and render impartial decisions that are both fair and of high quality, but it should be noted that because of the adjudication process half of the parties will be receiving decisions not in their favour. Regardless of this fact, it was determined that only the parties participating in the appeal process and directly affected by MGB decisions can fairly judge the board's performance. These measure results are from responses received from the parties that appeared before the MGB between April 1, 2006, and March 31, 2007, and surveyed in January of 2008. To determine if the goal was met, an independent consulting firm surveyed the parties who appeared before the MGB.

This measure also recognizes the expectation that the MGB achieves efficiency in hearing and deciding appeals in a timely manner. A fifth question was asked to measure the timeliness of hearings. This question was in addition to the other four survey questions seeking client responses to MGB hearing processes. The results for this new question were also derived from responses contained in the survey.

Target: 80 per cent

Actual Results: The Municipal Government Board achieved its target with actual 2007-08 results of 84.5 per cent. This result shows that parties that appear before the MGB are generally satisfied with the fairness and application of processes in hearing and deciding their appeals and in the quality of MGB decisions.

Stakeholder satisfaction with Municipal Government Board



Analysis: The MGB continues to maintain high levels of client satisfaction consistent with results in previous years. It is able to do so even though complexity of appeals and numbers of hearings are extremely high. The ability to maintain this level of performance is particularly difficult when 50 per cent of the parties have lost the decision.

The number of hearings continued to be very high with 2,580 conducted in the last reporting year. Prior to this year the number of hearings had increased each year over the last ten years. Hearings numbers appears to have stabilized at levels similar to 2005-06.

The Client Satisfaction Survey is conducted and results are compiled and reported by a professional survey firm. All parties who attended a MGB hearing are surveyed. One hundred and ninety-seven, or 60 per cent, of the 326 eligible clients participated in the survey. This is an increase over the 47 per cent of eligible hearing participants who responded last year.

Hearing clients agreement with selected statements about the Municipal Government Board's hearing process

Number of respondents – 173* (for the first five responses) – 123** (for the sixth response)	Agreed	Neutral	Disagreed	A&N
You were treated in a courteous manner	90%	4%	6%	94%
You had sufficient opportunity to present your case	88%	3%	10%	91%
The hearing process was straightforward and easy to understand	78%	6%	17%	84%
The hearing was conducted in a timely manner	77%	4%	19%	81%
The hearing process was fair, that is, it was impartial and unbiased	69%	9%	22%	78%
The written/oral decision(s) were delivered in a reasonable time period (table 29 of the survey report)	123 @ 48% 95 @ 100%	123 @ 15%	123 @ 36%	79%
Average				**84.5%**

*Number of respondents as stated in Table 17 of the survey report

**Number of respondents as stated in Table 28 in survey report

Goal 5: An accessible public library service and effectively supported communities and voluntary sector

Results

- An Alberta Nonprofit/Voluntary Sector Initiative Collaboration Committee was appointed, representing eight ministries from the Alberta government and leaders from the non-profit/voluntary sector, to implement the 'Framework for Collaboration.' This framework will provide a foundation upon which the non-profit/voluntary sector and the Alberta government can work together and engage in policy dialogue to build organizational capacity and work toward solutions for the challenges faced by this sector.
- Provided policy and planning advice, training and consultation services to library boards at the local and regional level.
- Provided $23.6 million in grants and funding to support public library service. This included:
  - $18.5 million in operating grants to 227 municipal and community boards and seven library system boards operating 310 public library service points.
  - $1.75 million to The Alberta Library and the Alberta Public Library Electronic Network to support networked services, electronic resources, library awareness and marketing, and staff training.
  - $1.5 million to provide access to the Alberta SuperNet for 293 public libraries representing approximately 93 per cent of Alberta public libraries that are able to provide Internet service to Albertans. There were 12 new library service points connected to the Alberta SuperNet this year.
  - $1 million toward infrastructure improvements for the Northern Lights Library System.
  - $0.8 million to support library development, resource-sharing and training projects including library system completion, the Metro Edmonton Federation pilot project, inter-library loan service, and provincial library association staff and trustee training programs and website redevelopment.
- Centennial information kits were distributed at the Alberta Library Conference in Jasper and to all public libraries. The kits contained a *How to Celebrate the Centennial* tip sheet and bookmarks in recognition of 100 years of public library service in Alberta. A centennial celebration was held on October 30 , 2007, at the Mackay Avenue School, site of the proclamation of the original *Act for the Establishment of Public Libraries* in 1907. Former ministers and key leaders of library development attended. A short video on the passage of the act and a website on the history of library development including local library histories and photographs was produced.
- Met with various library boards to:
  - facilitate revisions and updates of governance policies;
  - work on strategic planning;
  - support sustainability and strategic planning;
  - discuss needs assessment and service planning, and provide policy workshops;

- provide training and information for library staff in order to facilitate an increased awareness of the requirements under the Libraries Regulation; and
- present in-service training sessions on governance, finance and service structures.

- Conducted audits of library boards in Beiseker, Carbon, Drumheller, High River, Rockyford and Standard.
- Helped more than 600 rural and urban community organizations, municipalities and other ministries to meet their goals and to address community issues through neutral facilitation of various meetings and public/stakeholder consultations, and through organizational development and training.
- More than 1,000 consultations and workshops were provided to more than 13,000 Albertans. Participation in training helps volunteers understand their roles and responsibilities as members of community organizations which contributes to better management. Some examples and highlights include:
  - Worked with the Alberta Urban Municipalities Association (AUMA) on a pilot project that assisted municipalities embark on building sustainability in their communities through a facilitated planning process using the AUMA sustainability planning framework. Assistance was provided to three of five pilot communities as they developed Municipal Sustainability Plans.
- Facilitated community input sessions, strategic planning sessions, and hosted a variety of information sessions for community groups across the province. Just a few of the key facilitations include:
  - Provided assistance with the design, management and facilitation of a public and stakeholder input process to develop a shared, pragmatic and enduring vision for the City of Edmonton that will provide a clear picture of what the city is aiming to achieve in the next 10 to 15 years.
  - Provided assistance and support to various special projects and groups such as Humans Helping Humans in Drayton Valley, the Edmonton Chamber of Voluntary Organizations, the Coalitions Connect 2007 symposium, and the Calgary and Edmonton Office of the Public Trustee.
  - Provided strategic planning facilitation at a planning conference for the RCMP's K Division. This facilitation helped the K Division complete components of their 2008-11 business plan.
  - Worked with Calgary Catholic Immigration Services and other organizations to produce *Towards the Development of a Community Development Society*, a paper describing and interpreting the history, growth and development of a community of practice, and the evolution of the group that became the Community Development Society of Calgary and Area.
  - Delivered a presentation at the Alberta Health and Wellness "Building Healthy Communities" conference. A booklet on the process was also developed and presented using 'real life' examples in the community.
  - Supported the development of the Lethbridge Community Foundation symposium "The Buck Starts Here" as a member of the symposium steering

committee. Delivered a learning workshop called "The Circles of Funding," at the symposium to inform 120 participants representing charities and not-for-profit organizations on the varied sources of financial support that is available to them.

- Designed and facilitated a process for the initial development of a 10-year, active transportation plan for Healthy Alberta Communities in Medicine Hat and the surrounding area to help work towards health promotion and the prevention of chronic disease.

Performance Measure 5a

Measure
Usage of public library services by adult Albertans.

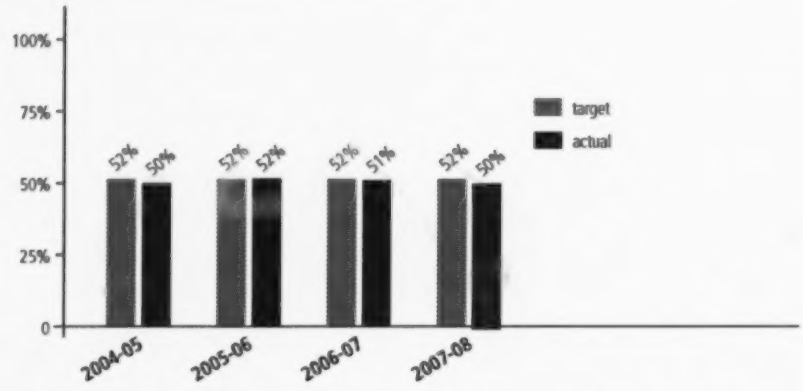
Description: This measure provides a general indicator of the use of Alberta public libraries by adult Albertans in the past 12 months. It is used to give a general sense of how successful libraries are at retaining the existing user base through services provided and how marketing approaches might be impacting the ability to attract new users.

The percentage of Albertans who have used public library services, when reviewed with other traditional indicators such as number of library cardholders, number of reference questions and turnstile counts, provides insight into public library access and usage in Alberta. Results of this measure are compared with those of previous years. These comparisons are used in combination with information from other sources to assess how well the current levels of library usage support delivery of programs and services that advance the quality of life in Alberta. Based on this analysis, decisions are made concerning the need to review, and if necessary, adjust, programs and services.

Target: 52 per cent

Actual Results:

Usage of public library services by adult Albertans



Analysis: Adult Albertans who used a public library decreased slightly from 51 per cent in 2006-07 to 50 per cent in 2007-08 and was below the target of 52 per cent. Public library use by adult Albertans may have been influenced by several factors such as library hours of operation, time constraints and the increasing use of electronic sources of information, such as the Internet.

Statistics collected from public library boards indicate a steady increase of people using the "virtual branch" of the library online. This online capability through the Internet and the SuperNet (the government-sponsored broadband network), along with inter-library sharing, allows Albertans to have greater access to library materials from across the province through their local public library.

Usage data from library boards, collected yearly by the ministry, indicates increased use of public libraries. In 2006, the percentage of the population served by public libraries increased 2.01 per cent with a population growth of 1.9 per cent. Although annual visits have decreased slightly, traditional library usage increased. Circulation increased 1.4 per cent and the number of library cardholders increased 1.9 per cent. The use of networked library services – services made possible by the advent of the Internet in public libraries – has been growing steadily. Inter-library loan traffic increased 7.9 per cent in 2006. Virtual visits (library's and library system's website and/or online catalogue) increased 19 per cent, from 22.1 to 26.3 million virtual visits.

Performance Measure 5b

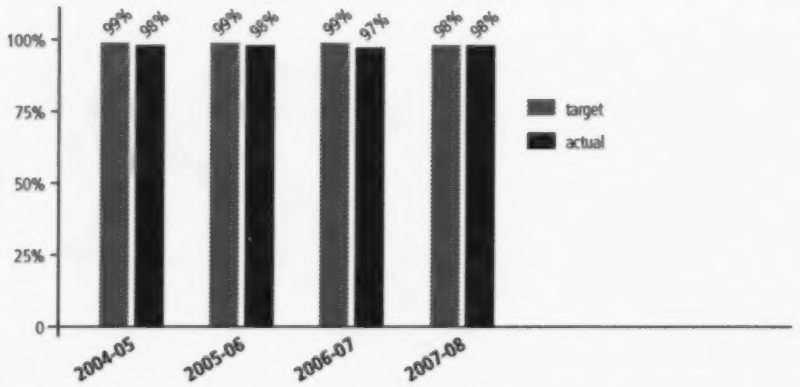
Measure
Customer satisfaction with capacity building facilitation services and workshops.

Description: This measure indicates the percentage of clients who were satisfied overall with the Ministry's capacity building facilitation services and workshops. Capacity building facilitation services and workshops encompass a broad range of activities including planning, knowledge and skill transfer, and facilitation and/or consultation regarding a variety of topics from organizational development to public stakeholder consultations.

Target: 98 per cent

Actual Results:

Customer satisfaction with capacity building facilitation services and workshops



Analysis: Satisfaction with capacity building facilitation services and workshops increased from 97 per cent in 2006-07 to 98 per cent in 2007-08, meeting the target. The results indicate a consistent level of high satisfaction by customers with services and workshops.

The Ministry provided a broad range of capacity building facilitation services and workshops to rural and urban non-profit/voluntary sector organizations and government offices on nearly 900 projects with 635 completed in 2007-08. Capacity building facilitation services and workshops are also typically customized to meet the unique needs of each client. The results may be affected by a consistently strong demand for assistance in addressing issues through the use of a facilitative participatory process and also through the specialized knowledge of the Ministry's Community Development Officers.

Financial Information for Core Business 1

Local Governments, Voluntary Services & Communities

Fiscal 2008 Actual Compared to Fiscal 2008 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 121 of the annual report) Local Governments, Voluntary Services & Communities details are as follows:

	2007-08 Estimates	Authorized Supplementary	2007-08 Authorized Budget	2007-08 Actual Expenses	Unexpended (Over Expended)
Local Governments, Voluntary Services & Communities					
Division Support – Local Government Services	$9,684	$—	$9,684	$4,804	$4,880
Municipal Services	10,570	—	10,570	9,269	1,301
Assessment Services	8,714	—	8,714	8,161	553
Unconditional Municipal Grants	17,655	—	17,655	18,612	(957)
Municipal Debenture Interest Rebates	1,303	—	1,303	1,302	1
Grants in Place of Taxes	39,767	—	39,767	36,082	3,685
Financial Support to Local Authorities	14,468	—	14,468	15,302	(834)
Municipal Sponsorship	14,200	—	14,200	14,281	(81)
Municipal Sustainability Capital Grants	250,000	—	250,000	270,465	(20,465)
Municipal Sustainability Operating Grants	50,000	—	50,000	27,335	22,665
Municipal Government Board	3,417	—	3,417	3,839	(422)
Community and Voluntary Services	4,161	—	4,161	4,335	(174)
Library Services	695	—	695	603	92
Library Grants	21,451	—	21,451	23,644	(2,193)
Voluntary Sector Initiatives	500	—	500	399	101
Ministry Support Services and Valuation Adjustment Allocation	7,786	—	7,786	8,537	(751)
	$454,371	**$ —**	**$454,371**	**$446,970**	**$7,401**

Local Governments, Voluntary Services & Communities core business expenses were $446.97 million for 2007-08 which came in under the $454.371 million authorized budget by $7.401 million, or 1.6 per cent. The biggest contributors to the unexpended amount were Divisional Support – Local Government Services and Grants in Place of Taxes. Divisional Support – Local Government Services was under expended as a result of staff vacancies and strategic projects funding not being fully expended. Grants in Place of Taxes was not fully expended due to lower than expected assessment increases in crown properties and lower than expected completion of construction on new crown properties.

Ministry Support Services and Valuation Adjustment Allocation was allocated to Core Business 1.

Fiscal 2008 Actual Compared to Fiscal 2007 Actual (thousands of dollars)

	2007-08	2006-07	Increase
Local Governments, Voluntary Services & Communities	$ 446,970	$ 129,422	$ 317,548

Local Governments, Voluntary Services & Communities core business expenses were $446.97 million in 2007-08 compared to $129.422 million in 2006-07. The result was an increase of $317.548 million, or 245.4 per cent. The majority of the increase in 2007-08 was due to the new Municipal Sustainability Initiative for $297.8 million. The remaining increase was partly due to an increase in Grants in Place of Taxes for $13.947 million and Library Grants for $3.67 million.

Core Business Two –
Provide a range of housing options and supports for lower-income Albertans

Goal 6: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Results

- Developed an action plan, including outcomes, to respond to the recommendations coming from the Housing Task Force, as approved, focusing on the acute shortage of affordable and accessible housing across Alberta.
  - Developed and implemented the Direct Rent Supplement Program and the Homeless and Eviction Prevention Fund. Through the Direct Rent Supplement Program 3,649 households were assisted as of March 31, 2008. Another 26,816 households who were at risk of losing their homes due to rental increases, or required assistance in establishing a home while waiting for their first paycheque, received assistance through the Homeless and Eviction Prevention Fund.
  - Established a cross-ministry sub-committee on land issues to implement the provincial Land Disbursement Policy Framework for Affordable Housing, which was approved on January 21, 2008. A separate committee was established to consider building efficiencies, planning and related policies.
  - Developed the provincial housing continuum model, as recommended by the task force. This model provides clear definitions for the different stages in the continuum, such as homelessness, transitional housing and affordable housing.
  - Allocated $2.5 million towards new transitional housing support initiatives. There were two projects that resulted from this initiative that provided an additional 38 spaces in Red Deer for hard to house homeless individuals. This innovative Housing First project provides housing with support services for individuals with addictions and mental health issues who were chronically homeless and were often screened out of previous homelessness initiatives due to behavioural issues. These clients are now screened in. Funding was also provided for 12 transitional spaces for youth age 18 to 24 years old in Edmonton. This project is providing intensive support services to young clients in emergency shelters who want to move forward and leave street life. This program is innovative as it focuses on the recovery and rehabilitation of youth into a healthier lifestyle.
  - Increased the Provincial Homeless Initiative to $6 million from $3 million. This increase is to assist smaller cities and rural communities with addressing emerging homelessness issues.

- Provided approved capital funding and developed partnerships with public and private operators to increase the supply of sustainable housing.
  - Developed criteria and supporting methodology for the delivery of $213 million to 51 communities. This funding is projected to create 3,406 affordable housing units.
  - The $213 million was delivered through the following initiatives:
    - $145 million was delivered through the Municipal Sustainability Housing Program and the Capital Enhancement Program to 33 high-growth, high-need municipalities to help ease growth pressures in addressing affordable housing.
    - Received 65 applications (from 46 municipalities) for funding assistance in response to the Request for Proposal. $68 million was committed under this initiative, which will result in the development of 632 new units in 17 communities throughout Alberta.
  - Created an additional 602 spaces in nine Alberta communities through the Provincial Homelessness Initiative funding. This was made possible either through the purchase of a building, renovation of an existing building or new construction. The addition of two new shelters (Lloydminster and High Level) resulted in an increase of 40 shelter spaces to a provincial total of 3,160.
  - Committed $16.1 million for 12 initiatives within 16 communities. These initiatives were submitted by organizations providing housing services to aboriginals off-reserve. The program drew 35 applications, resulting in the total development, home-ownership or maintenance of 264 units.
- Continued to make provincially-owned land available for affordable housing in high-growth communities such as Fort McMurray.
  - Sold a land parcel in Fort McMurray, known as Parcel F, at market value to a private sector developer with contingencies to ensure affordable home ownership opportunities and provided serviced land to the Wood Buffalo Housing and Development Corporation for the development of 300 new affordable units.
  - Transferred title of a provincially-owned seniors apartment and adjacent vacant lands in Beaumont to the local management organization to facilitate the construction of 36 additional affordable housing units on the site.
  - Assisted major oil sands companies, other local employers, the municipalities and other community stakeholders in identifying and delivering short-term housing assistance until market conditions stabilized.
  - Initiated a consulting study to address the optimal use of the 0.39 acre Kerby Site in Calgary, including the need for affordable housing in the downtown area.
- Worked in partnership with housing operators to monitor changing needs of tenants served by housing programs.
  - Encouraged management organizations to develop and manage new affordable housing projects in rural communities, and establish partnerships with other organizations.
  - Ensured management organizations in rural communities had resources available to assist in the development of new affordable housing projects.

- Explored effective models, in collaboration with other ministries, to support transitional housing.
  - Invested $16 million over two years to the new Outreach Support Pilot Project, providing support services for those who are homeless or living in transitional housing. These funds were allocated to support pilot projects such as the Schizophrenia Society Peer Support Housing. The Society establishes a peer support self help group to enable people with schizophrenia to assist other individuals with the same affliction. Another initiative funded under this pilot project is the innovative Pathways to Housing that focuses on the Housing First concept to provide permanent housing to 50 chronically homeless persons. Funding was also provided towards the Discovery House project which provides in-home support to families suffering from the trauma of domestic violence and requires fundamental life skills to maintain their housing.
  - In co-operation with other government departments, private sector partners and the City of Edmonton, developed a "housing first" initiative that resulted in long-term housing placements with support services for 58 individuals and couples in Edmonton who were homeless.
  - Supported a new transitional housing facility for 40 low-income employed individuals at the Michener Centre in Red Deer.
  - Supported the Housing First Model by implementing pilot projects in Calgary, Red Deer and Edmonton.
- Focused resources on maintaining aging provincially-owned housing.
  - Maintenance staff attended numerous meetings with management organizations and provided onsite training to address maintenance needs identified in their 2007-08 budget request.
  - Continued onsite inspections to ensure the Ministry is aware of any concerns or maintenance issues.
  - Identified under-utilized and/or unsuitable projects within the existing portfolio and recommended alternative solutions (e.g., transferred a house located in Fort Vermillion that was not needed for social housing to the Coalition for Far Northwest Alberta Brighter Futures Society to operate the Aboriginal Head Start Program).
  - Collaborated with housing providers to support housing that is energy efficient. Examples include replacement of boilers with energy efficient and solar hot water pre-heat system.
- Evaluated the effectiveness of affordable housing and projects that received capital assistance in meeting the goal and requirement of providing long-term affordable housing options.
  - Ensured project proponents continued to provide affordable housing accommodation in accordance with the terms of the Grant Funding Agreement.
  - Developed a reporting format to capture information from project proponents to ensure compliance with the terms of the Grant Funding Agreements.

- Ensured management organizations operated in a financially-efficient manner, by providing financial advice to local housing providers and monitoring operations through the review of financial reports and operational reviews.

Performance Measure 6a

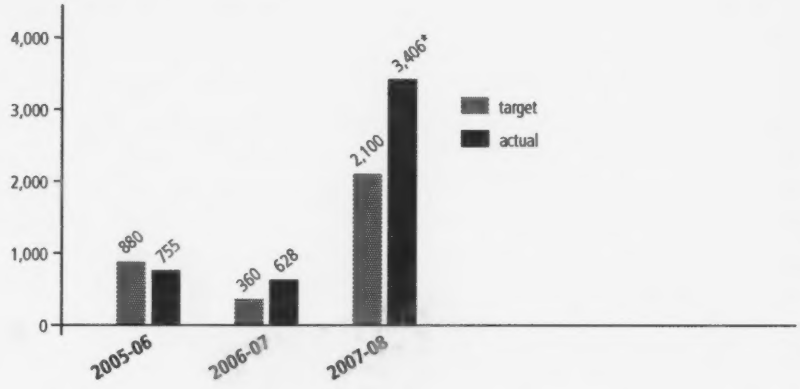
Measure
Number of affordable housing units developed with support from provincial funding.

Description: There is a shortage of affordable housing in Alberta's high-growth, high-need communities. Municipal Affairs and Housing's strategy is to provide approved funding and develop partnerships to increase the supply of sustainable, affordable housing. Progress towards this goal will be measured by tracking the number of affordable housing units developed with provincial funding.

Target: 2,100

Actual Results: The target was exceeded in 2007-08 with a projected result of 3,406 units.

Number of affordable housing units developed* with support from provincial funding



*NOTE: The Ministry defines "developed" as projects with funding commitments that are in any phase of development.

The results reported for 2006-07 are higher than the target, due to a commitment of $2.5 million dollars from the Canada-Alberta Affordable Housing Program to the Rent Supplement Program. These funds created 200 rent supplement units in the City of Edmonton. The units are recorded under this performance measure because the Canada-Alberta Affordable Housing Program is responsible for the funding.

Analysis: *The 2007-08 projection of 3,406 is based on housing plans submitted by municipalities through their conditional grant funding agreement with Municipal Affairs and Housing. The Ministry uses the information from the signed agreements to compile the 2007-08 projected results.

There is an increase in the number of units between 2006-07 and 2007-08, and subsequent targets set for 2008-11 are higher than the number of units achieved in previous years. This is a result of new funding to municipalities directly, as they were deemed to be in the best position to address unique housing needs within their community.

Financial Information for Core Business 2

Housing Options & Supports for Lower-income Albertans

Fiscal 2008 Actual Compared to Fiscal 2008 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 122 of the annual report), in addition to the Statement of Operations for the Alberta Social Housing Corporation (page 130 of the annual report), Housing Options & Supports for Lower-income Albertans details are as follows:

	2007-08 Estimates	Authorized Supplementary	2007-08 Authorized Budget	2007-08 Actual Expenses	Unexpended (Over Expended)
Housing Options & Supports for Lower-income Albertans					
Program Support	$3,122	$300	$3,422	$3,387	$35
Housing Development Program Delivery	3,800	300	4,100	3,873	227
Housing Operating Program Delivery	2,737	300	3,037	2,804	233
Housing Operating Grants Rent Supplement	24,317	19,000	43,317	41,350	1,967
Affordable Housing Program	60,220	100,400	160,620	160,381	239
Municipal Sustainability Housing Grants	100,000	—	100,000	100,000	—
Off-Reserve Aboriginal Housing Program	16,142	—	16,142	16,142	—
Special Needs Housing	4,730	—	4,730	5,343	(613)
Homeless Support	33,809	43,500	77,309	84,232	(6,923)
Other Grants	610	—	610	632	(22)
Alberta Social Housing Corporation	86,550	2,700	89,250	84,357	4,893
Debt Servicing Costs	21,735	—	21,735	21,734	1
Ministry Support Services and Valuation Adjustment Allocation	4,534	—	4,534	4,866	(322)
	$362,306	**$166,500**	**$528,806**	**$529,101**	**$(295)**

Housing Options & Supports for Lower-income Albertans core business incurred expenses of $529.101 million which exceeded the authorized budget of $528.806 million by $0.295 million, or 0.1 per cent. The over expenditure is related to Homeless Support which exceeded the budget by $6.923 million due mainly to higher than anticipated demand for assistance under the Homeless and Eviction Prevention Fund included under Homeless Support. This was partially offset by unexpended amounts for Alberta Social Housing Corporation and Rent Supplement which both were under budget by $4.893 million and $1.967 million respectively.

Ministry Support Services and Valuation Adjustment Allocation was allocated to Core Business 2.

Fiscal 2008 Actual Compared to Fiscal 2007 Actual (thousands of dollars)

	2007-08	2006-07	Increase
Housing Options & Supports for Lower-income Albertans	$ 529,101	$ 301,075	$ 228,026

Housing Options & Supports for Lower-income Albertans core business expenses amounted to $529.101 million for 2007-08 compared to $301.075 million in 2006-07. The result was an increase of $228.026 million, or 75.7 per cent. The increase is due to increased expenditures in the Affordable Housing Program of $145.2 million, and the introduction of the Municipal Sustainability Housing Grants of $100.0 million. Also, there were increased expenditures in Homeless Support and Rent Supplement in the amount of $41.5 million and $22.6 million respectively. These additional expenses were partially offset by the discontinuation of the Canada/Alberta Affordable Housing Agreement from 2006-07 in the amount of $44.0 million, and decreased Debt Servicing Costs of $37.5 million due to the prepayment penalties in 2006-07 from the repayment of the Alberta Heritage Savings Trust Fund debt.

Core Business Three –
Administer the Safety System to support the development and maintenance of safe and viable communities

Goal 7: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

Results

- Partnered with the Alberta Emergency Management Agency to lead the High-Intensity Residential Fires Working Group to address large-scale residential fires.
- Conducted the building Envelope Survey with the City of Calgary to assess residential construction practices.
- Presented a number of seminars to educate and support safety codes inspectors from across the province. These seminars help keep inspectors working for municipalities, agencies and corporations up-to-date on the latest developments in safety codes and their application.
- Continued the administration of the grant funding provided under the Tank Site Remediation Program introduced in 2006 and the remaining sites funded under the previous 2000-02 program. Provided owner information sessions to explain their role in managing the cleanup of their sites and consultant information sessions to outline their responsibilities, and processes and performance standards under the program. The program approved 189 applications for new sites, and by year end, had remediated a total of 754 sites since the program began in 2000.
- Participated as a project charter member responsible for the development of a Provincial Permit Repository system in collaboration with the Safety Codes Council, the City of Edmonton and the City of Calgary that will allow and encourage all permit-issuing bodies to contribute to a provincial permit database.
- Completed Phase 2 of the Alberta Risk Protocol with input from municipalities and risk management specialists. It was determined that a variety of tools are needed to enable communities to employ risk management processes into their day-to-day operations. The Alberta Emergency Management Agency has taken the lead on this project.
- Acknowledged the five- and ten-year accreditation milestones of 15 Alberta municipalities with the Alberta Municipal Affairs and Housing and Safety Codes Council's Municipal Safety Recognition Award. These awards help recognize the important role of accredited municipalities in the province's safety system through the provision of safety services in their jurisdictions.
- Produced the *Permit Regulation Guidebook* to assist municipalities and accredited agencies understand the policy changes in the Permit Regulation.
- Partnered with the University of Calgary, Bureau de normalisation du Quebec and the Alberta Association of Municipal Districts and Counties to conduct research on private sewage disposal systems and new standards of practice.

- Worked with the Housing Services Division to ensure that municipalities and builders receiving Government of Alberta grants were aware of, and complied with, existing Alberta Building Code requirements for a percentage of suites to be adaptable for persons with disabilities.
- Initiated a governance review of the Safety Codes Council (SCC) and its relationship with the Ministry. In partnership with the SCC, developed a new organizational structure that was approved by the Minister, and updated bylaws to support the new model.

Performance Measure 7a

Measure

The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations (DOAs) administering the *Safety Codes Act* that achieve a satisfactory rating.

Description: This measure monitors performance against Quality Management Plans for each accredited entity and promotes continuous improvement in the effectiveness and uniformity of permitting and inspection services delivered under the *Safety Codes Act*. The use of permitting and inspection services gives Albertans confidence that the homes, buildings and facilities where they work, live and do business, and the associated equipment, such as elevators and electrical, heating and plumbing systems, are constructed and maintained to safe standards.

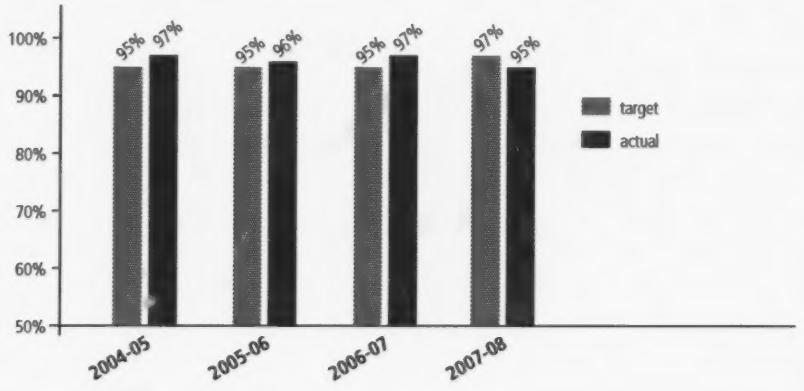
The Safety Codes Council is responsible under the act for accrediting organizations and formulating codes and standards for accreditation, including approving their Quality Management Plans (QMPs). Municipal Affairs and Housing monitors the performance of these entities against their QMPs.

Target: 97 per cent

Actual Results: 95 per cent of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the act achieved a satisfactory rating. This result is two per cent below the target of 97 per cent.

This measure has been in use since the 1998-99 fiscal year.

Satisfactory administration of the *Safety Codes Act*



Analysis: Municipal Affairs and Housing's result of 95 per cent did not meet the new performance target of 97 per cent for 2007-08. The target was increased for the first time from 95 per cent to 97 per cent for 2007-08. The result of 95 per cent represents a two per cent decrease over last year's actual and is attributed to lower results in the fire discipline monitoring in municipalities, compared to results in the building, electrical, plumbing and gas disciplines this year.

Municipal Entities – Ninety-four per cent of the 143 accredited municipal entities reviewed achieved a satisfactory performance rating, representing a five per cent decrease from the previous year. The drop in performance is in municipal administration in the fire discipline. The fire discipline is under a great deal of stress due to capacity issues being faced by municipalities. The Fire Commissioner's Office will continue to work with municipalities to provide the support they require to meet their QMP commitments.

Corporations – Ninety-seven per cent of the 33 accredited corporations reviewed this year achieved a satisfactory performance rating, a four per cent increase over last year. One corporation scored below the satisfactory rating and is scheduled to be monitored again in the 2008-09 fiscal year. The three corporations which did not meet the target in 2006-07 all met the satisfactory rating for 2007-08.

Agencies – A satisfactory rating was achieved by 100 per cent of the nine accredited agencies under contract with the department. This is consistent with past results.

Delegated Administrative Organizations (DAOs) – All three of the DAOs (the Petroleum Tank Management Association of Alberta, the Alberta Elevating Devices and Amusement Rides Safety Association, and the Alberta Boilers Safety Association) were assessed and achieved satisfactory ratings in 2007-08 (100 per cent). This is consistent with last year's result.

Financial Information for Core Business 3

Safety System

Fiscal 2008 Actual Compared to Fiscal 2008 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 121 of the annual report) Safety Codes Systems details are as follows:

	2007-08 Estimates	Authorized Supplementary	2007-08 Authorized Budget	2007-08 Actual Expenses	Unexpended (Over Expended)
Safety System					
Division Support	$ 1,253	$ —	$ 1,253	$ 1,243	$ 10
Program Management	350	—	350	367	(17)
Technical Services	2,112	—	2,112	1,913	199
Regional Services	3,642	—	3,642	3,957	(315)
Tank Site Remediation Program	26,230	(20,000)	6,230	6,301	(71)
Ministry Support Services and Valuation -Adjustment Allocation	237	—	237	268	(31)
	$ 33,824	**$ (20,000)**	**$ 13,824**	**$ 14,049**	**$ (225)**

Safety System core business incurred expenses of $14.049 million for fiscal 2007-08; $0.225 million more than the authorized budget of $13.824 million, or 1.6 per cent. The majority of this is due to over expended amounts in Regional Services as a result of a one time grant payment to the Safety Codes Council for development of information technology in support of the safety system. The Authorized Supplementary of $20 million to decrease the budget for the Tank Site Remediation Program was due to lower than expected uptake for this program.

Ministry Support Services and Valuation Adjustment Allocation was allocated to Core Business 3.

Fiscal 2008 Actual Compared to Fiscal 2007 Actual (thousands of dollars):

	2007-08	2006-07	Increase
Safety System	$ 14,049	$ 13,344	$ 705

Safety System core business incurred expenses of $14.049 million in 2007-08 compared to $13.344 million in 2006-07. The result was an increase of $0.705 million or 5.3 per cent. This was mainly due to increased Regional Services expenditures of $0.623 million in 2007-08 as compared to 2006-07.

Core Business Four –
Leading and managing the provincial emergency management system and making communities safer

Goal 8: An effective emergency management system

Results

- Allocated $50 million to eight disaster recovery programs that were launched to assist residents, small businesses and municipal governments recover from uninsurable overland flood damage caused by severe storms.
- Developed and started piloting a program, in collaboration with the City of Edmonton, the Town of Stony Plain, the Greater Edmonton Foundation, Meals on Wheels and Glenrose Hospital, to prepare seniors for emergencies and allow them the opportunity to contribute as peer facilitators sharing the importance of personal emergency preparedness.
- Launched a new course titled "Including Persons with Disabilities in Emergency Plans." This is an initiative of the Alberta Emergency Management Agency, the Office for Disability Issues at Alberta Seniors and Community Supports, and the Premier's Council on the Status of Persons with Disabilities.
- Provided grants for the following training programs:
  - $500,000 for the delivery of municipal fire services training at regional training centres across the province. The regional system enables firefighters in the province to receive certified instruction. In recognition of Alberta's volunteer firefighters, 80 per cent of enrolment is initially reserved for volunteers. Métis and First Nations are also encouraged to take advantage of these training opportunities.
  - $150,000 to support the regional delivery of emergency management training in 35 municipalities. This training helps local personnel maintain their ability to respond effectively to disasters and major emergencies.
  - $150,000 to help 18 municipalities provide training courses so their volunteers are ready to carry out critical search and rescue operations in the province. The courses cover search and rescue basics, man-tracking and wilderness first aid.
- Assisted municipalities with their participation in the federal government's Joint Emergency Preparedness Program. In 2007-08, the Alberta Emergency Management Agency supported municipalities in obtaining approval for 30 projects and more than $350,000 in funding under the program, which is aimed at enhancing municipalities' emergency preparedness and response capability.
- Assisted municipalities with municipal emergency plan development and exercises.
- Updated the Petroleum Industry Incident Support Plan, which was a vital undertaking in support of our partners in industry.
- Instituted the Critical Event Response Plan, which has positioned the Agency to significantly enhance the level of service and support we supply to our citizens.
- In collaboration with Public Safety Canada, conducted two Emergency Operation Centre courses for municipalities.

Performance Measure 8a

Measure

Percentage of claims where a member of the damage assessment team arrives on site within 30 days of a claim being received.

Description: Legislation provides for Disaster Recovery Programs (DRP) to help Albertans recover from uninsurable losses resulting from disasters. The objective is to compensate them as quickly as possible. When a widespread disaster occurs, the branch starts with an initial evaluation. It advises the Minister on the potential for a DRP, its recommended geographical boundaries and the proposed exclusions and limitations to compensation. Private sector program administrators are alerted to the possibility of a program requiring their services. This measure does not include the agriculture component, which is measured by another department. In addition, the 30-day criterion does not include infrastructure damage assistance requests from municipal and provincial departments.

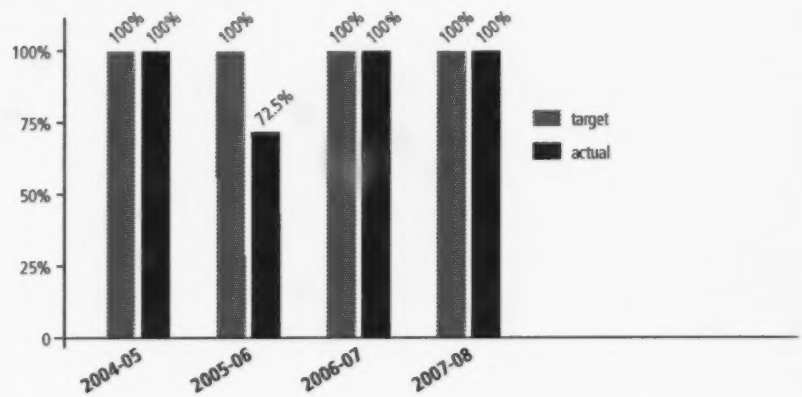
Once the Minister approves the program, citizens in the affected area are notified of the program, guidelines, and venues where application and information packages will be made available. The program administrator receives applications and assigns priority to those in greatest need. In many cases, the evaluator will be on the scene the next day. The target is to have an evaluator on the scene within 30 days of receipt of any application.

By measuring the percentage of applications where a damage evaluator arrives on site within 30 days of receipt of the application form, the branch can gauge success in achieving this objective.

Target: 100 per cent

Actual Results: The performance measure was achieved for the 2007-08 fiscal period.

Disaster claims within 30 days



*NOTE: Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

Analysis: The 100 per cent performance measure target was achieved for all eight disaster recovery programs (DRPs) during the fiscal program year.

Alberta continues to offer the most responsive and comprehensive disaster recovery program in Canada and the results for 2007-08 demonstrate the preparedness of the system and the efforts of program staff in achieving these results.

The Minister approved eight DRPs in 2007-08. In all cases, the eligible applicants were evaluated within the 30-day performance measure period:

2007 Central and Southern Alberta DRP: This program was approved June 13, 2007, for two severe rainstorms on June 3 and 5, 2007, that resulted in overland flooding and groundwater seepage in 12 municipalities in central and southern Alberta. A total of 1,429 residential small business applications were received.

2007 Northwest Alberta DRP: This program was approved June 25, 2007, in response to record-breaking snowpack with high moisture content over the winter of 2006-07 and corresponding spring rains between May 2 and 5, 2007, which resulted in extensive flooding and infrastructure damage during the spring thaw in nine municipalities in northwestern Alberta. A total of 20 residential and small business applications from the nine municipalities were received.

2007 Central Alberta DRP: This program was approved October 3, 2007, in response to severe rainstorms from May 2 to June 30, 2007, that resulted in overland flooding in 10 municipalities throughout central Alberta. A total of 715 residential and small business applications were received.

2007 Canmore and Area DRP: This program was approved October 3, 2007, in response to high streamflows in the Bow River from June 6 to 14, 2007 and two severe rainstorms on July 17 and 18, 2007 that resulted in overland flooding and groundwater seepage in the Town of Canmore and the Hamlet of Harvie Heights. A total of 25 residential and small business applications were received.

2007 Grande Prairie and Area DRP: This program was approved October 3, 2007, in response to a severe rainstorm on July 17, 2007, that resulted in overland flooding and groundwater seepage in the City of Grande Prairie and the County of Grande Prairie. A total of 40 residential and small business applications were received.

2007 Clearwater County DRP: This program was approved October 3, 2007, in response to high streamflow and a new channel being cut in the Clearwater River from June 7 to 30, 2007, that resulted in overland flooding and groundwater seepage in Clearwater County. A total of 19 residential and small business applications were received.

2007 East Central Alberta DRP: This program was approved September 12, 2007, in response to a severe rain and snow storm from April 18 to 19, 2007, that resulted in overland flooding, groundwater seepage and significant power outages in Beaver County and Camrose County. A total of 30 residential and small business applications were received.

2007 West Central Alberta DRP: This program was approved January 29, 2008, in response to two severe storm systems on May 23 and 25, 2007, and between June 15 and 17, 2007, that resulted in overland flooding and groundwater seepage in Red Deer County, the Town of Lacombe and the Municipal District of Rocky View. A total of 46 residential and small business applications were received.

The eight programs remained open for applications, until August 31, 2008.

Performance Measure 8b

Measure

The level of preparedness, as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Description: The *Emergency Management Act* assigns a majority of the responsibility and authority for response to emergencies and disasters to the local order of government. The act specifies the powers of a local authority, which are available during a time of emergency or disaster and the act also specifies the structure and preparedness actions that the municipality is obliged to complete.

The act recognizes that some local government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions, so the act defines which forms of local governments are subject to the act. The municipal organizations physically cover the entire landmass of Alberta (excluding First Nations reservations) with no overlap. The number of municipalities decreases annually as a result of dissolutions and amalgamations.

The *Emergency Management Act* states that each of the 312 local authorities "shall prepare and approve emergency plans and programs." These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency. In any given year, a municipality is considered to have demonstrated preparedness by exercising its plan if: 1) it conducts a desk-top, functional or simulated exercise to assess the plan's effectiveness, or 2) it activates its Municipal Emergency Plan in response to a real event, confirming that its plan and procedures are effective.

This performance measure is designed to demonstrate that all of the municipalities covered under the act maintain their preparedness by exercising their municipal emergency plans at least once in the previous four-year period.

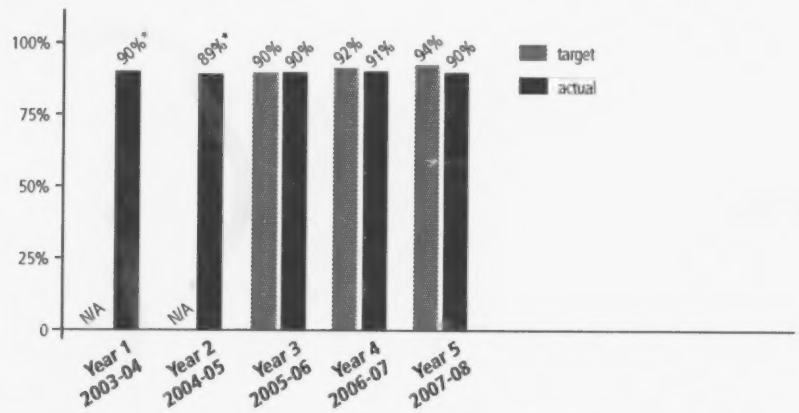
Target: 94 per cent

The target reflects the completion of one exercise for each municipality within a four-year moving window.

Actual Results: This performance measure was changed as of the 2005-06

fiscal year. The measure is now calculated as the percentage of municipalities exercising their Municipal Emergency Plans in the last four years. In years prior to 2005-06, Municipal Affairs and Housing reported the cumulative percentage of municipalities who had exercised their Municipal Emergency Plans in each year of a four-year cycle. These prior year figures have been restated to reflect this change in methodology. This change makes the performance measure more accurately reflect the mandate of the Alberta Emergency Management Agency.

Emergency preparedness testing



*NOTE: Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

Although summer villages were re-introduced into the measure in 2007-08, they will not be included in calculating the measure until 2010-11 when the initial four-year cycle has been completed for these municipalities.

Analysis: The performance measure was not achieved for 2007-08, due to a number of contributing factors:

- One of seven districts within the province experienced a significant number of municipalities that were unable to exercise within the last year resulting in a lower performance measure for the four-year cycle. A plan has been developed to address this issue and we will be working with the identified municipalities to facilitate and encourage exercises during 2008-09;
- A number of municipalities have experienced a turnover in their emergency management staff. A risk management approach was adopted in relation to ensuring municipal emergency management personnel were trained to understand their roles and responsibilities in an emergency prior introducing them to the exercise regime and rationale;
- Under the *Emergency Management Act*, no municipality can be compelled to exercise. Considerable time and effort is expended to encourage municipalities to conduct exercises at the expense of these resources being applied to actual exercises; and
- To underscore the factors described above, a risk management approach is applied, with priority given to municipalities where the risk as represented by the hazard and the population is highest. The Ministry is, therefore, able to report that exercises were conducted in municipalities that represent over 98 per cent of the population in the province.

Goal 9: Effective fire and emergency services and reduced fire deaths and injuries

Results

- Thirteen ministries and agencies worked together to develop a comprehensive and collaborative multi-jurisdictional approach to managing unsafe buildings.
- The Alberta Emergency Management Agency conducted fire protection reviews for the towns of Sundre and Bruderheim. The Bruderheim council adopted and implemented the report recommendations, resulting in positive change in the fire department's leadership, resourcing and support.

Performance Measure 9a

Measure
Fire deaths per 100,000 population (10-year moving average).

Description: Fatalities occur in fires due to exposure to the products of combustion – smoke, flames and heat. Reducing fire injuries and deaths is important in maintaining Alberta as a safe place to live and raise families.

Protecting people from fire involves three approaches:
1. Prevention of fires;
2. Early detection and warning of fire and smoke with smoke/fire alarms; and
3. Proper emergency responses during fire emergencies.

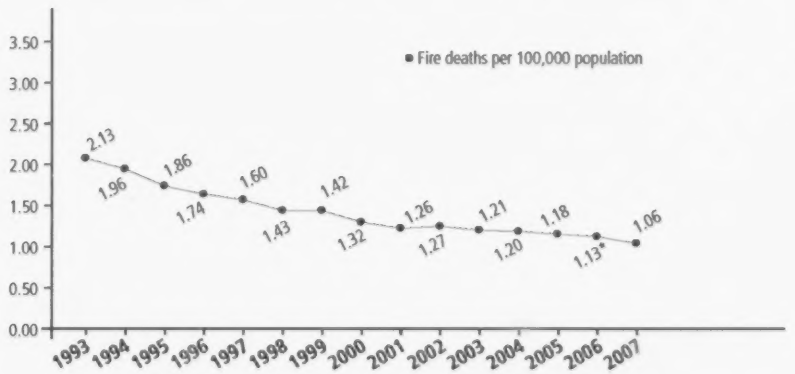
The effectiveness of all three approaches is reflected in the number of fires that occur and the resulting consequences in the form of injuries, deaths and property damage. This measurement is an effective indicator of the outcome of fire.

The Alberta government supports a variety of activities, such as public fire safety education programs, to achieve reductions in the number of fire deaths in the province. The fire deaths per 100,000 population measure is therefore a good overall fire safety and prevention indicator.

Target: Less than or equal to the 2006-07 actual of 1.13 fire deaths per 100,000 population (10-year moving average).

Actual Result

Ten-year moving average of fire death rate per 100,000 population



*NOTE: The number of deaths for 2006 available at the 2007 audit was 33. This figure was revised to 35 after receiving a report of two casualties from the Fox Creek fire department on December 8, 2007. The revised total of 35 was used to calculate the 2006 fire death rate.

Analysis: The target was achieved, in that the 2007-08 fire death rate (10-year moving average) of 1.06 is less than the previous year's fire death rate (10-year moving average) of 1.13. There is random variation in the total number of fire deaths in Alberta. The 10-year moving average evens out these variations and provides an overall trend in Alberta fire deaths, which appears to be decreasing. The attached graph illustrates the reduction in the 10-year moving average death rate over the last 15 years.

The fire protection activities, implemented by the Alberta Emergency Management Agency (AEMA), fall under four areas:

1. Fire Commissioner
2. Fire Statistics Information System
3. Fire Public Education and Awareness Programs
4. Regional Services – Fire Safety & District Officers.

The AEMA conducted a wide range of activities in relation to the measure. The statistic is an indicator that programs and initiatives of the AEMA are having a positive effect over the long term. Data is analyzed for changes in causes and trends that may require a shift in the focus of targeted public education programs.

Financial Information for Core Business 4

Emergency Management System

Fiscal 2008 Actual Compared to Fiscal 2008 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 122 of the annual report) Emergency Management System details are as follows:

	2007-08 Estimates	Authorized Supplementary	2007-08 Authorized Budget	2007-08 Actual Expenses	Unexpended (Over Expended)
Emergency Management System					
Branch Management and Programs	$ 6,573	$ —	$ 6,573	$ 6,060	$ 513
Disaster Recovery	600	50,000	50,600	38,492	12,108
Fire Commissioner's Office	1,956	—	1,956	2,175	(219)
Assistance for Municipal Emergency Response Training	800	—	800	800	—
Ministry Support Services and Valuation Adjustment Allocation	1,045	—	1,045	926	119
	$ 10,974	**$ 50,000**	**$ 60,974**	**$ 48,453**	**$ 12,521**

The Emergency Management System core business incurred expenses of $48.453 million for fiscal 2007-08; $12.521 million less than the authorized budget of $60.974 million or 20.5 per cent. The under-expenditure in the Disaster Recovery Program (DRP) mostly relates to lower than projected disaster costs. The $50.0 million in Authorized Supplementary was for the DRPs approved by the province to provide financial assistance to Albertans impacted by disasters.

Ministry Support Services and Valuation Adjustment Allocation was allocated to Core Business 4.

Fiscal 2008 Actual Compared to Fiscal 2007 Actual (thousands of dollars):

	2007-08	2006-07	Increase
Emergency Management System	$ 48,453	$ 12,866	$ 35,587

Emergency Management System core business incurred $48.453 million in expenses in 2007-08 compared to $12.866 million in 2006-07. The result was an increase of $35.587 million or 276.6 per cent. This increase is mainly due to increased disaster recovery expenses incurred in 2007-08 versus 2006-07; $38.492 million versus $4.717 million respectively.

2007-08 PERFORMANCE MEASURES SOURCE AND METHODOLOGY

Goal 1: A responsive, co-operative and well-managed local government sector

Performance Measure 1a

Level of satisfaction with the Local Government Services Division's activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector.

The measure is calculated by determining the percentage of units within the division that achieved their individual performance targets. Unit performance is determined through a client satisfaction survey of stakeholders.

Data Source

The data for this measure is gathered through the annual Local Government Services' (LGS) Client Satisfaction Survey. Research Innovations Inc. developed the survey instrument in 2000 in consultation with representatives from Municipal Affairs and Housing and has conducted the survey on LGS's behalf for the past seven years. The most recent survey was conducted from September 10 to October 5, 2007. This timing was in line with previous years as the survey is conducted in the fall of each year. Respondents are asked about their satisfaction with the services that they have received in the preceding 12 months.

A comprehensive and specific e-mail/web-based/telephone survey was administered to all identified stakeholders: municipal chief administrative officers (CAOs), municipal chief elected officials (CEOs), municipal assessors, and chief financial officers (CFOs) of companies owning linear property (wells, pipelines, power lines, telecommunications, etc). The survey measures stakeholders' overall satisfaction with each of LGS's nine line units. Respondents are asked to indicate which services they have received in the past 12 months, and then they are asked a group of questions on each of these services.

The satisfaction scale used is a five-point, anchored satisfaction scale (very dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied and very satisfied). The scale that was used has a neutral midpoint, which can be a legitimate response.

Telephone/e-mail/web-based surveying methodology reduces the nonresponse bias that is common in mail-out surveys. In 2007-08, the survey had a response rate of 68 per cent. A total of 539 clients participated in the survey, which was down from 584 in 2006-07. Although the total number of respondents and clients served decreased, eighty-six per cent of respondents indicated they received at least one service from LGS, which was a five per cent increase from 2006-07.

Methodology

The data is received from Research Innovations Inc. summarized for each question in a table format, cross-tabulated by stakeholder type (CAO, CEO, Assessor, CFO and Total) and response (very satisfied, somewhat satisfied, neither satisfied or dissatisfied, somewhat satisfied, very dissatisfied, and don't know/not stated).

In an Excel spreadsheet, the un-weighted satisfaction scores of all the questions are tallied against the total number of respondents to determine overall satisfaction for each unit. Any response of somewhat satisfied or very satisfied is counted as a satisfied response for the performance measure.

The levels of satisfaction for each unit are then compared with the satisfaction targets for each unit. The measure is calculated by dividing the number of units that met their target by the total number of units included in the survey. The performance targets were derived from previous surveys, which this measure has replaced.

Performance Measure 1b

Albertans' satisfaction with their local governments – Percentage satisfied.

Data Source

The data for this measure is gathered as part of a nine question telephone survey about Albertans' satisfaction with various aspects of their municipal governments. The results of the survey are based on a probability sample of 1,011 adults living in Alberta. A sample of 1,011 persons within the population produces results that are reliable within plus or minus 3.1 per cent 19 times out of 20. The sampling method was designed to complete 1,000 interviews within randomly selected households across the Province of Alberta. The sample was drawn in proportion to the populations of 12 urban centres (two Census Metropolitan Areas and 10 smaller urban municipalities) and three rural regions within the province based on information from Statistics Canada 2001 data.

From within each multi-person household randomly selected, residents 18 years of age and older were screened for random selection using the "Most Recent Birthday" method. The contractor's report provides a detailed sampling methodology. Survey data, beyond what is in the final report, is stored with the contractor.

Methodology

The satisfaction survey data for the measure is drawn from a question which asks a sample of 1,011 Albertans about their overall satisfaction with their municipal government. The results are reported directly from the survey report; Alberta Municipal Affairs and Housing does not perform any further calculations for the performance measure.

The survey is conducted in the early fall of each year. For 2007-08, the survey was run from September 18 to October 2, 2007.

This survey is conducted as part of an omnibus survey service provided by a private research firm, Environics Research Group Inc. The survey has been conducted by Environics Research Group Inc. since its first run, with the exception of 2005.

Goal 2: Financially sustainable and accountable municipalities

Performance Measure 2a

Percentage of municipalities meeting Ministry's criteria of financial accountability as established in the *Municipal Government Act (MGA).*

Data Source

The data used to calculate this measure comes primarily from the annual audited financial statements and the financial information returns which municipalities must submit to the Minister of Municipal Affairs and Housing by May 1 for each year, pursuant to the *MGA*.

The Grants and Administration Unit and the Municipal Advisory Services Unit prepare the data, complete the required calculations and supply the supplementary information used for this measure. The information is collected for administrative purposes as well as for tabulating the measure.

The data used to calculate this measure is reported based upon a calendar year, which is the fiscal year for municipalities. The results reported in this measure are from the calendar year prior to the fiscal year in which they are reported (e.g., for 2007-08 annual reporting, Municipal Affairs and Housing reports municipal results from the 2006 calendar year). Financial data is stored in the Municipal Financial Information System.

Methodology

The required data sets are extracted from the Municipal Financial Information System using Microsoft Access and are compiled in an Excel spreadsheet. Point scores are calculated using Excel formulas where possible. Points for section 282 must be entered manually as would supplementary information regarding debt limit extensions and deficit recovery extensions. Supplementary information related to section 244 and 252 is entered manually into the Excel spreadsheet as required.

The measure is calculated based on a demerit point system weighting the 16 criteria as set out in sections 244, 252, 278 and 282 of the *MGA*. Municipalities meeting or exceeding 100 points are considered to be outside of the criteria for achieving financial accountability. The scoring system serves as a proxy measure. Scores of 100 points or more would be a solid indicator of an accountability problem and, if continued, would likely indicate a loss of financial sustainability.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Performance Measure 3a

Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Data Source

No later than January 31 of each year, all municipalities are required by the Alberta Assessment Quality Minister's Guidelines to submit assessment and sales data. Most municipalities uploaded their data directly into the province's web-based application, Assessment Shared Services Environment, through their Computer Assisted Mass Appraisal systems. Examples of the type of information submitted include the assessed value, the sale price for sold properties, legal descriptions and property characteristics, etc.

The calculation of median assessment ratios and assessment levels are part of stage one of the annual audit. The annual audit program is an important tool in measuring mass appraisal performance. Through ratio studies, the Assessment Audit Unit compares municipal assessments to market value indicators and verifies whether municipal assessments meet regulated quality standards. Because of the assessment audit cycle, the data upon which the 2007-08 measure is based reflects values and inventory from the 2006 assessment year. The fiscal year for municipalities is the calendar year.

Methodology

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.95 and 1.05.

The Assessment Shared Services Environment (ASSET) system calculates ratios of assessment to market value (sale price or indicator of market value) for sold properties in each value range/property type in the two property categories (residential and non-residential). The sub-grouping or stratification of the two categories is based on assessment value and property type.

The median assessment to sales ratio is calculated for each value range/property type. Each median is then weighted by its respective total assessed value for that value range and a weighted mean is calculated for each of the two categories and expressed as a percentage. The performance measure is determined by calculating the average of the weighted means of municipalities whose assessment levels fall within the acceptable range for both categories. The performance measure is the percentage of municipalities whose assessment levels fall between the range of 0.95 and 1.05 for the residential and non-residential categories.

Goal 4: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

Performance Measure 4a

Percentage of parties who appear before the Municipal Government Board who are satisfied or neutral regarding the Board's services and processes.

Data Source

A client satisfaction survey was conducted by Research Innovations Inc. and the hearing participant information provided from the Case Inc. Database of the Municipal Government Board (MGB).

Methodology

MGB staff designed database queries for the purpose of identifying all participants who attended MGB hearings. The staff ran queries listing all appellants, respondents and interveners that were attached to the hearings. Staff generated manual lists for attendees at annexations. Staff then found e-mail addresses or phone numbers for all parties and sent the list to Research Innovations Inc.

The methodology followed in conducting the survey and preparing the survey results is described in the consultant's final report.

The satisfaction scale used in the report is a five-point, anchored satisfaction scale (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree). The scale that was used has a neutral midpoint, which can be a legitimate response.

Goal 5: An accessible public library service and effectively supported communities and voluntary sector

Performance Measure 5a

Usage of public library services by adult Albertans.

Data Source

The source for the data on this measure is the Alberta Tourism, Parks, Recreation and Culture – 2008 Survey of Albertans, conducted by Research Innovations Inc. The response rate was 53 per cent.

Methodology

Consistent with surveys in previous years, 1,000 adult Albertans were interviewed in a province-wide telephone survey. Research Innovations Inc. conducted this survey using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. Respondents were asked if they had used a public library in the past 12 months. Interviews were initially conducted from January 3 to February 3, 2008. The survey was then put on hold for one month, due to the provincial election, and the remaining surveys were completed during March 4 to April 10, 2008.

Interviews were conducted by trained and experienced interviewers. Question order was randomly rotated to minimize potential question order bias. Interviews were monitored while in progress and 10 per cent of each interviewer's work was directly monitored. The response rate was 53 per cent. Data was analyzed with STATXP software. The margin of error is no greater than plus or minus 3.1 per cent at the 95 per cent confidence level. Public library use by adult Albertans may have been influenced by several factors such as library hours of operation, time constraints, other leisure activities and the increasing use of electronic sources of information, such as the Internet.

Performance Measure 5b

Customer satisfaction with capacity-building facilitation services and workshops.

Data Source

The data used to calculate this measure comes from a customer satisfaction survey. Survey respondents are clients with whom agreements for service have been determined and are selected from the membership of those who receive branch services. Clients are community leaders, members of organizations or representatives of government set in the context of group participation. Only projects completed during the fiscal year, even if the project was started prior to the fiscal year, are counted in the survey.

Staff completed 635 projects of which 613 had completed surveys. 4,294 surveys were distributed and 4,022 were returned. 4,007 surveys included a response to the question from which the performance measure's results are derived.

Methodology

The survey data is collected at the close of service delivery. The customer satisfaction survey, generated by the Customer Service Information system, is usually distributed by the community development officer but can sometimes be distributed through electronic transmission (fax or e-mail). The completed surveys are returned in an envelope that has been sealed by a volunteer from the client group or returned electronically to the regional office. The response rate was 93 per cent for the year.

The Customer Service Information system, a project-based system, includes survey response data from projects delivered by regional offices throughout the province. Results are calculated by dividing the total number of positive responses (taken as either of the top two responses from the rating scale) by the number of surveys returned that included a response to the performance measure question.

Overall satisfaction (positive response) is based on the top two response categories of a six point Likert scale with the following response categories: very satisfied, satisfied, slightly satisfied, slightly dissatisfied, dissatisfied and very dissatisfied.

Goal 6: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Performance Measure 6a

Number of affordable housing units developed with support from provincial funding.

Data Source

The source of the data is based on the number of proposed units outlined in the submitted funding agreements. Information is collected and maintained in Excel spreadsheets. Data is collected and updated annually.

Methodology

This measure counts the number of affordable housing units that are created with support from provincial funding, such as the Block Funding (Municipal Sustainability Housing Program/Capital Enhancement Program) and the funding via the Request For Proposal. Projected results include agreements that are signed during the fiscal year and may include projects in any phase of development. Once funds are committed, the number of units is recorded to comply with federal regulations for reporting.

Block Funding was calculated by population:

- $133,000,000 available under Category 1; and
- $10,000,000 available under Category 2.

Urban municipalities and urban service areas with a population of more than 5,000 were included for qualification purposes. The Regional Municipality of Wood Buffalo was not included as it received funding through a separate initiative. Population by municipality was from the 2006 Official Population List, produced by Alberta Municipal Affairs and Housing. Average rents came from either the Canada Mortgage Housing Corporation or the annual Apartment Vacancy Survey, produced by Alberta Municipal Affairs and Housing. The Federal Census Growth Rate for all municipalities listed was from the 2006 Federal Census, but was not used for screening purposes. In order to qualify for funding, municipalities needed to demonstrate meeting all three of the following criteria for category 1 funding or two of the three criteria for category 2. See below for criteria:

1. Population growth over 2.79 per cent (calculated on a three-year rolling average);
2. Vacancy rate under the provincial average of 1.7 per cent; and
3. Average rental rate for a two-bedroom unit over the provincial average of $620.

Under the $68 million Request for Proposal Funding, municipalities not qualifying for block funding or receiving less than $3 million under block funding could submit a response proposal for additional funds.

Goal 7: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

Performance Measure 7a

The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations (DAOs) administering the *Safety Codes Act* that achieve a satisfactory rating.

Data Source

The accredited organizations identified in a prescribed list for the year are assessed in their administration of the safety system throughout the year using a series of checklists. The Public Safety Division then uses an electronic database application to compile the raw checklist data. There has been no change in data source from previous years, however there was a change in the application used to compile the data in the building, plumbing, electrical and gas disciplines for the measure for municipalities. Due to problems with securing technical support for the current computer system, there are plans to migrate to a new system owned and operated by the Safety Codes Council in-house. The existing system could not be used for municipalities this year, as there were no qualified technical resources available in the industry to make the programming changes needed to support the revised questions used for municipal entities. The questions had been updated to reflect the new Quality Management Plans. Accordingly, a database was developed to be used for municipalities this year as an interim measure, pending migration to the new system. There was no change in the application used for accredited corporations, accredited agencies and DAOs, as there were no changes needed for their questions.

Methodology

Accredited municipalities and corporations are assessed once every three years using a prescribed list. This is done on a revolving basis throughout the year using the latest consecutive 12-month period of data. One hundred per cent of DAOs are monitored/assessed annually at a negotiated time based on the fiscal year. One hundred per cent of authorized accredited agencies under contract with the department are assessed each quarter and the average results for the year are used to score their performance.

During the year, data gathered using the checklists is entered into the electronic database by designated department staff for accredited municipal entities and corporations. A score is computed for each completed checklist using the percentage of satisfactory responses to checklist questions. A benchmark of 70 per cent has been adopted as a satisfactory rating. The checklist scores for the Quality Management Plans (QMPs) for each discipline administered by an organization are then averaged to produce an overall score for that organization. The percentage of overall scores that meet or exceed the benchmark is computed for accredited municipal entities, corporations, agencies and delegated

administrative organizations. This percentage of satisfactory performance is then weighted by the number of organizations assessed and combined with that of the other types of organizations to produce the key performance statistic.

The monitoring sample size for the accredited municipalities and accredited corporations is determined as follows:

1) the prescribed one-third list is used as the starting point;
2) all those accredited entities from the previous year that scored less than satisfactory are then added;
3) new municipal entities and corporations accredited in the previous year also added to this year's prescribed one-third list; and
4) those accredited entities that discontinued their accreditations are then removed from the list.

This sampling method, which ensures that each accredited entity will be monitored at least once every three years, was adopted to facilitate a focus on monitoring and following up on the improvement activities that accredited entities agree to undertake when they experience lower scores. The performance statistic is calculated using a new electronic tool for municipalities, but the same electronic tools as last year for accredited corporations, accredited agencies and DAOs. For all entities, regardless of the system used, the performance statistic was calculated in the same manner as last year.

Goal 8: An effective emergency management system

Performance Measure 8a

Percentage of claims where a member of the damage assessment team arrives on site within 30 days of a claim being received.

Data Source

Separate files are maintained for each application within each program. Information contained in these files is entered into a Microsoft Access disaster recovery database. The disaster recovery database, which has been in use since July 1995, tracks all applications received and activities related to the processing of each application made under a Disaster Recovery Program.

Methodology

The database is used to identify the number of disaster recovery applications and the number of those applications where the damage evaluator arrived on the site within 30 days of receipt of the application. The measurement period is the fiscal program year from April 1, 2007, to March 31, 2008.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The applications are collected in a separate database established for each Disaster Recovery Program. The database records all dates pertinent to the administration of the program and can be queried at any time. A query is done on the database to identify all applications received within the measurement period and their corresponding evaluation date. The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of applications.

Performance Measure 8b

The level of preparedness, as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Data Source

The source for the data on this measure is the compilation of quarterly data submitted by the seven district officers in Community Programs at the Alberta Emergency Management Agency. The cumulative fourth quarter report is used to extract the actual number of municipalities that have exercised their plans in the current year either through a co-ordinated exercise or an actual event, that have not previously exercised their plans in the current four-year period.

Methodology

A schedule is established for all municipalities to be exercised at least once every four fiscal years. All real events where the Municipal Emergency Plan was exercised are included, when and as they happen, replacing the scheduled exercise in the calculation. All seven district officers compile and submit quarterly reports to the Director of Community Programs who maintains a four-year cumulative report for the current exercise window. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. Once the current four-year cumulative report by district is updated, a simple sum of the seven districts is calculated, which is divided by the total number of municipalities to produce a cumulative percentage.

This is a Microsoft Access database managed internally to allow for continuous improvement for tracking and security of information. Reports are generated from this database to identify the municipalities that exercised their plans during the fiscal four-year period.

Goal 9: Effective fire and emergency services and reduced fire deaths and injuries

Performance Measure 9a

Fire deaths per 100,000 population (10-year moving average).

Data Source

Section 9 of the Administrative Items Regulation AR 16/2004 under the *Safety Codes Act* requires that a Safety Codes Officer for the fire discipline who investigates the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional sources of information on fire deaths are: insurance companies/adjusters, Medical Examiner's Office and police departments. The total number of fire deaths is revised as information is received from these sources. Alberta Official Population data is obtained from the Alberta Municipal Affairs and Housing website.

Methodology

In 2007-08, continual improvements were made to the web-based application called the Fire Electronic Reporting System (FERS) to enable fire departments and insurance professionals to input fire incident data online. The Fire Statistics Reporting Manual and fire incident reports (PDF format) are also posted on the Alberta Emergency Management Agency website to enable reporting agencies easy online access to fire reporting.

The data is collected in either hard copy or electronically through FERS. Data from the hard copies is keyed into the system and validated and then fire death figures are extracted using a SAS software program and manually entered into an Excel spreadsheet. The Alberta population figures are then entered in to the Excel spreadsheet to calculate the fire death rates, which are plotted in a bar chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The formula for fire death rate for each year is as follows:

$$\left(\frac{\text{Revised number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

FINANCIAL INFORMATION

*NOTE TO READER:
The unaudited financial information being presented here was derived from the December 31, 2007, audited financial statements of each Improvement District

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Ministry of Municipal Affairs and Housing

Consolidated Financial Statements

March 31, 2008

Auditor's Report
Consolidated Statement of Operations
Consolidated Statement of Financial Position
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements
Schedules to the Consolidated Financial Statements:

1 Revenues
2 Expenses- Directly Incurred Detailed by Object
3 Budget
4 Related Party Transactions
5 Allocated Costs

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Municipal Affairs and Housing as at March 31, 2008 and consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 23, 2008

Original Signed by:

FCA
Auditor General

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget (Schedule 3)	Actual	Actual (Restated- Note 3)
Revenues (Schedule 1)			
Contributions from Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from Government of Canada	105,399	119,731	125,006
Premiums, Fees and Licences	221	511	459
Investment Income	3,150	6,453	4,337
Other Revenue	4,300	9,541	3,233
Net Income from Safety Codes Council	(133)	666	1,550
	138,937	162,902	160,585
Expenses - Directly Incurred (Note 2b and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	13,317	13,624	11,696
Local Government Services	416,361	405,613	97,932
Public Safety	33,587	13,781	13,304
Emergency Management Alberta	9,929	47,527	12,048
Municipal Government Board	3,417	3,839	3,518
Libraries, Community and Voluntary Services	26,807	28,981	24,385
Housing Services	249,487	418,144	155,339
	752,905	931,509	318,222
Statutory Expenses			
Alberta Social Housing Corporation	86,550	84,357	78,773
Debt Servicing Costs	21,735	21,734	59,220
	108,285	106,091	137,993
Valuation Adjustments			
Provision for Vacation Pay	200	989	498
Guarantees, Indemnities and Mortgages	85	(16)	(73)
Provision for Doubtful Accounts	-	-	67
	108,570	107,064	138,485
	861,475	1,038,573	456,707
Gain on Disposal of Tangible Capital Assets	13,254	22,007	18,181
Net Operating Results	$ (709,284)	$ (853,664)	$ (277,941)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2008
(in thousands)

	2008	2007 (Restated- Note 3)
ASSETS		
Cash	$ 181,484	$ 119,257
Accounts Receivable (Note 6)	161,066	188,886
Loans and Advances (Note 8)	6,563	12,590
Tangible Capital Assets (Note 9)	667,333	698,207
Deferred Charge	946	1,236
Equity in Safety Codes Council (Note 4)	6,173	5,507
	$ 1,023,565	$ 1,025,683
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 308,777	$ 265,645
Due to Department of Seniors and Community Supports	15,718	11,788
Accrued Interest Payable	2,350	2,430
Allowance for Losses on Guarantees and Indemnities	6	24
Deferred Revenue	26,319	57,680
Long-Term Debt (Note 11)	300,289	321,455
	653,459	659,022
NET ASSETS		
Net Assets at Beginning of Year	366,661	307,059
Net Operating Results	(853,664)	(277,941)
Net Financing Provided from General Revenues	857,109	337,543
Net Assets at End of Year	370,106	366,661
	$ 1,023,565	$ 1,025,683

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2008
(in thousands)

	2008 Actual	2007 Actual (Restated- Note 3)
Operating Transactions		
Net Operating Results	$ (853,664)	$ (277,941)
Non-cash items included in Net Operating Results:		
Amortization of Tangible Capital Assets	24,807	24,975
Amortization of Deferred Financing Charges	290	101
Grants in Kind	19,208	19,200
Gain on Disposal of Tangible Capital Assets	(22,007)	(18,181)
Contributions in Kind	-	(315)
Valuation Adjustments	973	492
Net income from Safety Codes Council	(666)	(1,550)
	(831,059)	(253,219)
Changes in Working Capital		
Increase in Accounts Receivable	27,820	(10,283)
Increase in Accounts Payable and Accrued Liabilities	46,073	5,682
Decrease in Accrued Interest Payable	(80)	(6,373)
Increase in Deferred Revenue	(31,361)	57,680
Cash Applied to Operating Transactions	(788,607)	(206,513)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,036)	(958)
Disposal of Tangible Capital Assets	9,900	2,303
Cash Provided by Capital Transactions	8,864	1,345
Investing Transactions		
Repayments of Loans and Advances	6,027	7,593
Cash Provided by Investing Transactions	6,027	7,593
Financing Transactions		
Repayment of Long Term Debt	(21,166)	(100,852)
Net Financing from General Revenues	857,109	337,543
Cash Provided by Financing Transactions	835,943	236,691
Increase in Cash and Cash Equivalents	62,227	39,116
Cash and Cash Equivalents, Beginning of Year	119,257	80,141
Cash and Cash Equivalents, End of Year	$ 181,484	$ 119,257

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2008

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Municipal Affairs and Housing operates under the authority of the *Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.* The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assisting municipalities in providing accountable and effective local government to Albertans.
- Administering a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Enhancing Albertans' quality of life by promoting programs pertaining to libraries, communities, and the non-profit/voluntary sector.
- Co-ordinating a comprehensive, cross-government all-hazards approach to managing emergencies in the province.
- Conducting hearings, rendering decisions and/or providing recommendations to Cabinet on matters defined under the *Municipal Government Act* through the independent, quasi-judicial Municipal Government Board.
- Managing 2.8 million acres of public land in the Special Areas and provides municipal services to the dryland region in eastern Alberta through the Special Areas Board.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministries.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Municipal Affairs and Housing (*Government Organization Act*), the Safety Codes Council (*Safety Codes Act*) and the Alberta Social Housing Corporation (*Alberta Housing Act*). The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these consolidated financial statements except by way of disclosure in Note 14.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Department of Municipal Affairs and Housing and the Alberta Social Housing Corporation have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

The accounts of the Safety Codes Council are reported on the modified equity basis, the equity being computed in accordance with generally accepted accounting principles.

The Ministry's Annual Report for the year ended March 31, 2008 includes the Safety Codes Council audited financial statements for the year ended December 31, 2007.

(c) Basis of Financial Reporting

Revenues

All revenues are recorded on the accrual basis of accounting with the exception of interest on Rural and Native mortgages that are classified as non-accrual. Rural and Native mortgages are classified as non-accrual when payments are sixty days in arrears.

Cash received for which goods or services have not been provided by year-end is recorded as deferred revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Loan and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Basis of Financial Reporting (continued)

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets, less any nominal proceeds are recorded as grants in kind.

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable $139,048 (2007-$169,840), the accrued liabilities for the Disaster Recovery $68,744 (2007-$71,379) and Tank Site Remediation Program $11,524 (2007-$12,096), as disclosed in these consolidated financial statements are subject to measurement uncertainty.

NOTE 3 GOVERNMENT RESTRUCTURING & PROGRAM TRANSFERS

(in thousands)

On March 12, 2008, the government announced new ministry structures. As a result, the Ministry of Municipal Affairs and Housing name was changed to the Ministry of Municipal Affairs and the housing services programs including Alberta Social Housing Corporation were transferred to the newly established Ministry of Housing and Urban Affairs, and the community and voluntary services programs were transferred to the newly established Ministry of Culture and Community Spirit.

Since the 2007-08 fiscal year was substantially completed prior to this announcement, the Ministry of Municipal Affairs and Housing consolidated financial statements have been prepared as if the restructuring took place on April 1, 2008.

NOTE 3 GOVERNMENT RESTRUCTURING & PROGRAM TRANSFERS (continued)

(in thousands)

As a result of transfers of responsibility for programs between the Ministry of Municipal Affairs and Housing and other ministries, the comparatives for 2006-07 have been restated as if the Ministry had always been assigned its current responsibilities.

The following is a summary of the effect of the program transfers to the 2006-07 consolidated financial statements:

	2007				
	As Previously Reported	Transfer to Solicitor General and Public Security	Transfer from Tourism, Parks, Recreation and Culture	Transfer from Employment, Immigration and Industry	As Restated
Revenues	$ 178,766	$ -	$ -	$ -	$ 178,766
Expenses	457,043	(486)	88	62	456,707
Net Operating Results	(278,277)	486	(88)	(62)	(277,941)
Net Financing Provided from General Revenues	337,879	(486)	88	62	337,543
Opening Net Assets	307,059	-	-	-	307,059
Net Assets at March 31, 2007	$ 366,661	$ -	$ -	$ -	$ 366,661

NOTE 4 EQUITY IN SAFETY CODES COUNCIL (SCC)

(in thousands)

For the year ended December 31:

	2007	2006
Equity in SCC, Beginning of Year	$ 5,507	$ 3,957
Total Revenues	5,061	4,783
Total Expenses	(4,390)	(3,233)
Other Adjustments	(5)	-
Equity in SCC, End of Year	$ 6,173	$ 5,507

NOTE 5 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates. Due to the short-term nature of these deposits the carrying value approximates fair value.

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 139,110	$ 62	$ 139,048	$ 169,840
Management Organizations	12,506	-	12,506	14,857
Other	9,656	144	9,512	4,189
	$ 161,272	$ 206	$ 161,066	$ 188,886

Accounts receivable are unsecured and non-interest bearing.

NOTE 7 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $111,859 (2007-$123,797), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Ministry is unable to estimate the fair value.

NOTE 8 LOANS AND ADVANCES

(in thousands)

	2008				2007
	Gross Amount	Non-Accrual	Allowance for Losses	Net Realizable Value	Net Realizable Value
Rural and Native[a]	$ 5,330	$ 265	$ (4)	$ 5,591	$ 7,728
Agreements receivable[b]	895	-	-	895	4,736
Other loans and advances	77	-	-	77	126
	$ 6,302	$ 265	$ (4)	$ 6,563	$ 12,590

(a) These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

(b) Agreements receivable represent amounts receivable for land sales.

NOTE 9 TANGIBLE CAPITAL ASSETS

(in thousands)

	2008					2007
	Land	Buildings	Equipment	Computer hardware and software	Total	Total
Estimated useful life	Indefinite	10-50 years	10 years	5 years		
Historical Cost						
Beginning of year	$ 119,291	$1,101,052	$ 1,321	$ 13,794	$ 1,235,458	$ 1,239,444
Additions	124	46	49	817	1,036	1,272
Disposals, including write-downs	(3,094)	(6,646)	-	-	(9,740)	(5,258)
	$ 116,321	$1,094,452	$ 1,370	$ 14,611	$ 1,226,754	$ 1,235,458
Accumulated Amortization						
Beginning of year	$ -	$ 525,671	$ 794	$ 10,786	$ 537,251	$ 514,212
Amortization expense	-	23,028	125	1,654	24,807	24,975
Effect of disposals	-	(2,637)	-	-	(2,637)	(1,936)
	$ -	$ 546,062	$ 919	$ 12,440	$ 559,421	$ 537,251
Net book value at March 31, 2008	$ 116,321	$ 548,390	$ 451	$ 2,171	$ 667,333	
Net book value at March 31, 2007	$ 119,291	$ 575,381	$ 527	$ 3,008		$ 698,207

NOTE 10 GUARANTEES AND INDEMNITIES

(in thousands)

The Ministry has outstanding guarantees that were issued by the Alberta Social Housing Corporation on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2008	2007
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2009	$ -	$ 65
2011	15,295	17,520
	$ 15,295	$ 17,585

Under the former mobile home loan insurance program, the Ministry through the Alberta Social Housing Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2008 amount to $450 (2007 - $772). This program was terminated effective October 1, 1993. However, the Ministry through the Alberta Social Housing Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of $6 (2007 - $24).

NOTE 11 LONG-TERM DEBT

(in thousands)

The Ministry's long-term debt and exposure to interest rate risk is summarized as follows:

	2008	2007
Canada Mortgage and Housing Corporation [a]	$ 75,896	$ 77,263
Alberta Finance [b]	224,393	244,192
	$ 300,289	$ 321,455

[a] debentures maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%

[b] note payable maturing September 16, 2016 with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings.

The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal in each of the next five years are:

2009	$ 22,486
2010	23,890
2011	25,384
2012	26,973
2013	28,664
thereafter	172,892
	$ 300,289

Long-term debt has a fair value of $113,426 (2007 - $117,760) for Canada Mortgage and Housing Corporation debentures and $244,937 (2007 - $262,507) for note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Ministry for debt with similar terms and maturities.

NOTE 12 CONTRACTUAL OBLIGATIONS

(in thousands)

	2008	2007
Operating expense		
Service contracts	$ 17,818	$ 3,127
Agreements [1]	11,338,721	278,286
Long-term leases [2]	41,402	42,686
	$ 11,397,941	$ 324,099

[1] Included in agreements is an amount of $10,900,000 for the Municipal Sustainability Initiative. This is a 10 year agreement signed between the Ministry of Municipal Affairs and Housing and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

[2] The Alberta Social Housing Corporation leases land under various leases for the purpose of providing social housing

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service contracts	Agreements	Long-term leases	Total
2008-09	$ 7,117	$ 615,728	$ 1,400	$ 624,245
2009-10	4,248	692,986	1,361	698,595
2010-11	3,278	1,420,091	1,347	1,424,716
2011-12	3,175	1,416,483	1,347	1,421,005
2012-13	-	1,416,326	1,347	1,417,673
Thereafter	-	5,777,107	34,600	5,811,707
	$ 17,818	$ 11,338,721	$ 41,402	$ 11,397,941

NOTE 13 CONTINGENT LIABILITIES

($ in thousands)

At March 31, 2008, the Ministry is a defendant in 18 legal claims (2007- 61 claims). 16 of these claims have specified amounts totalling $88,636 and the remaining 2 have not specified any amount (2007 - 55 claims with a specified amount of $91,698 and 6 with no specified amount). Included in the total legal claims are 9 claims in which the Ministry has been jointly named with other entities, 8 of which have specified claims amounting to $64,562 (2007 - 11 claims amounting to $7,023 and 2 claims with no specified amount). 7 claims amounting to $4,637 (2007 - 8 claims amounting to $4,206) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2007 and December 31, 2006 are as follows:

	2007	2006 (restated)
Special Areas Trust Account	$ 81,583	$ 80,003
Improvement Districts' Trust Account	5,129	4,990
	$ 86,712	$ 84,993

As at March 31, 2008, the following trust fund under administration had a balance as follows:

	2008	2007
Gunn Centre resident trust fund	$ 7	$ 10

NOTE 15 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry has entered into agreements to deliver programs and services that are funded by:

- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- Alberta Risk Protocol is a project to develop a community based all hazards risk management protocol.

Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $1,702 (2007 - $848) and accounts payable includes $1,348 (2007 - $492) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2008	2007 (restated)
Joint Emergency Preparedness Program	$ 1,268	$ 1,139
First Nations Emergency Planning Program	504	633
New Search and Rescue Initiatives Fund	-	220
Alberta Risk Protocol	144	22
	$ 1,916	$ 2,014

NOTE 16 HOUSING PROPERTIES

(in thousands)

The Ministry supports the provision of community housing through management organizations. Grants are provided to management organizations that have expenses in excess of revenues, and recoveries are made from management organizations that have revenues in excess of expenses. Management organizations do not record expenses for insurance, amortization and interest on long-term debt on buildings. These costs are incurred and recorded by the Ministry.

Information on the operating and maintenance grants to housing providers is as follows:

	2008	2007
Operating Grants to Housing Providers	$ 28,659	$ 25,341
Maintenance Grants to Housing Providers	11,114	9,044
Support to Housing Providers- Community Housing	$ 39,773	$ 34,385

The above results are recorded on the consolidated statement of operations for the year as follows:

	2008	2007
Housing Services	$ 39,773	$ 34,385

NOTE 17 PROGRAM RECOVERIES

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation (CMHC) towards subsidies of rental properties and mortgages receivable, and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Ministry.

NOTE 18 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $4,118 for the year ended March 31, 2008 (2007 - $3,212).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – $3,698).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus – $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – $10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 19 COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 20 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2008
(in thousands)

Schedule 1

	2008		2007
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	73,937	74,923	93,860
Affordable Housing Program	15,220	15,219	15,173
Off-Reserve Aboriginal Housing Program	16,142	16,142	16,142
Recoveries from Indian and Northern Affairs Canada	100	157	144
Disaster Assistance Programs	-	13,290	(319)
Other	-	-	6
	105,399	119,731	125,006
Premiums, Fees and Licences	221	511	459
Investment Income			
Bank and other	3,000	6,406	4,270
Mortgages	150	47	67
	3,150	6,453	4,337
Other Revenue			
Dedicated Revenue Initiatives	1,724	1,724	1,626
Recoveries from management organizations	-	-	-
Contributions in kind	-	-	315
Refunds of Expenditure	155	7,471	630
Rental Revenue	-	260	326
Miscellaneous	2,421	86	336
	4,300	9,541	3,233
Net Income from Safety Codes Council	(133)	666	1,550
	$ 138,937	$ 162,902	$ 160,585

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Schedule 2
Expenses- Directly Incurred by Object
Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget	Actual	Actual (Restated- Note 3)
Voted:			
Grants	$ 674,232	$ 853,280	$ 252,195
Salaries, Wages and Employee Benefits	49,007	49,006	40,609
Supplies and Services	27,065	27,335	23,570
Financial Transactions and Other	52	109	60
Amortization of Tangible Capital Assets	2,549	1,779	1,788
	$ 752,905	$ 931,509	$ 318,222
Statutory:			
Grants	$ 60,512	$ 59,276	$ 53,918
Supplies and Services	2,220	2,053	1,668
Amortization of Tangible Capital Assets	23,818	23,028	23,187
Debt Servicing Costs	21,735	21,734	59,220
	108,285	106,091	137,993
Valuation Adjustments			
Provision for Vacation Pay	200	989	498
Guarantees, Indemnities and Mortgages	85	(16)	(73)
Provision for Doubtful Accounts	-	-	67
	$ 108,570	$ 107,064	$ 138,485
Total Expenses	$ 861,475	$ 1,038,573	$ 456,707

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Budget
Year ended March 31, 2008
(in thousands)

Schedule 3

	2007-2008				
	Estimates	Adjustments (a)	Budget	Supplementary (b)	Authorized Budget
Revenues					
Contributions from Lottery Fund	$ 26,000	$ -	$ 26,000	$ -	$ 26,000
Transfers from Government of Canada	105,399	-	105,399	-	105,399
Premiums, Fees and Licences	221	-	221	-	221
Investment Income	3,150	-	3,150	-	3,150
Other Revenue	4,300	-	4,300	-	4,300
Net Income from Safety Codes Council	(133)	-	(133)	-	(133)
	138,937	-	138,937	-	138,937
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	13,317	-	13,317	-	13,317
Local Government Services	416,361	-	416,361	-	416,361
Public Safety	33,587	-	33,587	(20,000)	13,587
Emergency Management Alberta	9,929	-	9,929	50,000	59,929
Municipal Government Board	3,417	-	3,417	-	3,417
Libraries, Community and Voluntary Services	26,807	-	26,807	-	26,807
Housing Services	249,487	-	249,487	166,500	415,987
	752,905	-	752,905	196,500	949,405
Statutory Expenses					
Alberta Social Housing Corporation	86,550	-	86,550	-	86,550
Debt Servicing Costs	21,735	-	21,735	-	21,735
	108,285	-	108,285	-	108,285
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
Guarantees, Indemnities and Mortgages	85	-	85	-	85
	108,570	-	108,570	-	108,570
Total Expenses	861,475	-	861,475	196,500	1,057,975
Gain on Disposal of Tangible Capital Assets	13,254	-	13,254	-	13,254
Net Operating Results	$ (709,284)	$ -	$ (709,284)	$ (196,500)	$ (905,784)
Equipment/Inventory Purchases (EIP)	$ 1,290	$ -	$ 1,290	$ -	$ 1,290

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Expense, EIP and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.

(b) Supplementary Estimates were approved on December 7, 2007 and May 15, 2008.
Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS Schedule 4
Related Party Transactions
Year ended March 31, 2008
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2008	2007
Revenues		
Lottery Fund	$ 26,000	$ 26,000
Expenses - Directly Incurred		
Business and Technology Services	$ 1,484	$ 1,778
Debt Servicing Costs	14,324	51,689
Insurance	946	80
Other	2	84
	$ 16,756	$ 53,631
Deferred Financing charges		
Alberta Finance	$ 835	$ 1,017
Accounts Payable to:		
Alberta Seniors and Community Supports	$ 15,718	$ 11,788
Alberta Finance	224,940	244,787
Alberta Tourism, Parks, Recreation and Culture	-	333
Service Alberta	-	41
	$ 240,658	$ 256,949
Accounts Receivable from:		
Service Alberta	$ 6	$ -
Risk Management and Insurance	4,629	1,787
	$ 4,635	$ 1,787

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2008
(in thousands)

Schedule 4
(continued)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 5.

	Other Entities	
	2008	2007
Expenses - Incurred by Others (Schedule 5)		
Accommodation	$ 8,466	$ 6,605
Air Transportation/Executive Vehicles	123	110
Business Services	1,504	1,442
Internal Audit	132	70
Legal	850	699
	$ 11,075	$ 8,926

The Ministry paid $35,855 (2007 - $30,748) of grants in place of taxes on behalf of other ministries.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2008
(in thousands)

Schedule 5

	2008								2007
		Expenses - Incurred by Others			Valuation Adjustments (5)				(Restated- Note 3)
Program	Expenses (1)	Accommo-dation Costs (2)	Business Services (3)	Legal/ Internal Audit Services (4)	Vacation Pay	Losses/ Recoveries	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 13,624	$ 906	$ 1,627	$ 211	$ 305	$ -	$ -	$ 16,673	$ 14,963
Local Government Services	405,613	1,974	-	360	204	-	-	408,151	99,793
Public Safety	13,781	940	-	138	159	-	-	15,018	15,101
Emergency Management Alberta	47,527	478	-	94	97	-	-	48,196	12,048
Municipal Government Board	3,839	302	-	10	41	-	-	4,192	4,056
Community and Library Services	28,981	592	-	-	19	-	-	29,592	24,579
Housing Services	524,235	3,274	-	169	164	(16)	-	527,826	295,093
	$1,037,600	$ 8,466	$ 1,627	$ 982	$ 989	$ (16)	$ -	$ 1,049,648	$ 465,633

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
(2) Cost shown for Accommodation on Schedule 4, allocated by square footage.
(3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.
(4) Cost shown for Legal and Internal Audit Services on Schedule 4, allocated by estimated costs incurred by each program.
(5) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:
- Vacation Pay - allocated to the program by employee,
- Doubtful Accounts Provision - estimated allocation to program.

Department of Municipal Affairs and Housing

Financial Statements

March 31, 2008

Auditor's Report
Statement of Operations
Statement of Financial Position
Statement of Cash Flows
Notes to the Financial Statements
Schedules to the Financial Statements:

1 Revenues
2 Dedicated Revenue Initiatives
3 Expenses- Directly Incurred Detailed by Object
4 Budget
5 Comparison of Expenses- Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget
6 Salary and Benefits Disclosure
7 Related Party Transactions
8 Allocated Costs

Auditor's Report

To the Minister of Municipal Affairs and the Minister of Housing and Urban Affairs

I have audited the statement of financial position of the Department of Municipal Affairs and Housing as at March 31, 2008 and statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Municipal Affairs and Housing as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 16, 2008

Original Signed by:

FCA
Auditor General

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
STATEMENT OF OPERATIONS
Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget (Schedule 4)	Actual	Actual (Restated- Note 3)
Revenues (Schedule 1)			
Contributions from Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from Government of Canada	42,462	58,267	64,718
Premiums, Fees and Licences	221	511	459
Other Revenue	2,148	9,294	2,451
	70,831	94,072	93,628
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	13,317	13,624	11,696
Local Government Services	416,361	405,613	97,932
Public Safety	33,587	13,781	13,304
Emergency Management Alberta	9,929	47,527	12,048
Municipal Government Board	3,417	3,839	3,518
Libraries, Community and Voluntary Services	26,807	28,981	24,385
Housing Services	309,304	474,783	326,768
	812,722	988,148	489,651
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	-	-	67
Provision for Vacation Pay	200	989	498
	200	989	565
	812,922	989,137	490,216
Net Operating Results	$ (742,091)	$ (895,065)	$ (396,588)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
STATEMENT OF FINANCIAL POSITION
As at March 31, 2008
(in thousands)

	2008	2007 (Restated- Note 3)
ASSETS		
Cash	$ 912	$ 2,491
Accounts Receivable (Note 4)	141,557	169,897
Loans and Advances	16	16
Tangible Capital Assets (Note 6)	2,622	3,535
Deferred Charge	111	219
	$ 145,218	$ 176,158
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 289,193	$ 250,816
Deferred Revenue	26,319	57,680
	315,512	308,496
NET LIABILITIES		
Net Liabilities at Beginning of Year	(132,338)	(73,293)
Net Operating Results	(895,065)	(396,588)
Net Financing Provided from General Revenues	857,109	337,543
Net Liabilities at End of Year	(170,294)	(132,338)
	$ 145,218	$ 176,158

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
STATEMENT OF CASH FLOWS
Year ended March 31, 2008
(in thousands)

	2008 Actual	2007 Actual (Restated- Note 3)
Operating Transactions		
Net Operating Results	$ (895,065)	$ (396,588)
Non-cash items included in Net Operating Results:		
Amortization	1,779	1,788
Deferred Charge	108	(92)
Valuation Adjustment	989	565
	(892,189)	(394,327)
Changes in Working Capital		
Decrease in Accounts Receivable	28,340	2,449
(Decrease) in Advances	-	(3)
Increase in Accounts Payable and Accrued Liabilities	37,388	(171)
(Decrease) Increase in Deferred Revenue	(31,361)	57,680
Cash Applied to Operating Transactions	(857,822)	(334,372)
Capital Transactions		
Acquisition of Tangible Capital Assets	(866)	(855)
Disposal of Tangible Capital Assets	-	-
Cash applied to Capital Transactions	(866)	(855)
Financing Transactions		
Net Financing Provided from General Revenues	857,109	337,543
Cash Provided by Financing Transactions	857,109	337,543
(Decrease) Increase in Cash and Cash Equivalents	(1,579)	2,316
Cash and Cash Equivalents, Beginning of Year	2,491	175
Cash and Cash Equivalents, End of Year	$ 912	$ 2,491

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2008

NOTE 1 AUTHORITY AND PURPOSE

The Department of Municipal Affairs and Housing operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assisting municipalities in providing accountable and effective local government to Albertans.
- Administering a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Enhancing Albertans' quality of life by promoting programs pertaining to libraries, communities, and the non-profit/voluntary sector.
- Co-ordinating a comprehensive, cross-government all-hazards approach to managing emergencies in the province.
- Conducting hearings, rendering decisions and/or providing recommendations to Cabinet on matters defined under the *Municipal Government Act* through the independent, quasi-judicial Municipal Government Board.
- Managing 2.8 million acres of public land in the Special Areas and provides municipal services to the dryland region in eastern Alberta through the Special Areas Board.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Municipal Affairs and Housing which is part of the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. The other entities reporting to the Minister are the Alberta Social Housing Corporation and the Safety Codes Council, the activities of which are not included in these financial statements. The Department is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 9 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Department's operations for which the Minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Dedicated Revenue

Dedicated Revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets, less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable $139,048 (2007-$169,840), the accrued liabilities for the Disaster Recovery $68,744 (2007-$71,379) and Tank Site Remediation Program $11,524 (2007-$12,096), as disclosed in these financial statements are subject to measurement uncertainty.

NOTE 3 GOVERNMENT RESTRUCTURING & PROGRAM TRANSFERS

(in thousands)

On March 12, 2008, the government announced new ministry structures. As a result, the Department of Municipal Affairs and Housing name was changed to the Department of Municipal Affairs and the housing services programs were transferred to the newly established Department of Housing and Urban Affairs, and the community and voluntary services programs were transferred to the newly established Department of Culture and Community Spirit.

Since the 2007-08 fiscal year was substantially completed prior to this announcement, the Department of Municipal Affairs and Housing financial statements have been prepared as if the restructuring took place on April 1, 2008.

NOTE 3 GOVERNMENT RESTRUCTURING & PROGRAM TRANSFERS (continued)

(in thousands)

As a result of transfers of responsibility for programs between the Department of Municipal Affairs and Housing and other departments, the comparatives for 2006-07 have been restated as if the Department had always been assigned its current responsibilities.

The following is a summary of the effect of the program transfers to the 2006-07 financial statements:

	2007				
	As Previously Reported	Transfer to Solicitor General and Public Security	Transfer from Tourism, Parks, Recreation and Culture	Transfer from Employment, Immigration and Industry	As Restated
Revenues	$ 93,628	$ -	$ -	$ -	$ 93,628
Expenses	490,552	(486)	88	62	490,216
Net Operating Results	(396,924)	486	(88)	(62)	(396,588)
Net Financing Provided from General Revenues	337,879	(486)	88	62	337,543
Opening Net Liabilities	(73,293)	-	-	-	(73,293)
Net Liabilites at March 31, 2007	$ (132,338)	$ -	$ -	$ -	$ (132,338)

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 139,110	$ 62	$ 139,048	$ 169,840
Other	2,611	102	2,509	57
	$ 141,721	$ 164	$ 141,557	$ 169,897

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $111,859 (2007-$123,797), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Department is unable to estimate the fair value.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	2008			2007
	Equipment	Computer hardware and software	Total	Total
Estimated useful life	10 years	5 years		
Historical Cost				
Beginning of year	$ 1,321	$ 13,794	$ 15,115	$ 14,260
Additions	49	817	866	855
Disposals, including write-downs	-	-	-	-
	$ 1,370	$ 14,611	$ 15,981	$ 15,115
Accumulated Amortization				
Beginning of year	$ 794	$ 10,786	$ 11,580	$ 9,792
Amortization expense	125	1,654	1,779	1,788
Effect of disposals	-	-	-	-
	$ 919	$ 12,440	$ 13,359	$ 11,580
Net book value at March 31, 2008	$ 451	$ 2,171	$ 2,622	
Net book value at March 31, 2007	$ 527	$ 3,008		$ 3,535

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

	2008	2007
Operating Expense		
Service Contracts	$ 17,818	$ 3,127
Agreements [1]	11,338,721	278,286
Long-Term Leases	67	4
	$ 11,356,606	$ 281,417

[1] Included in agreements is an amount of $10,900,000 for the Municipal Sustainability Initiative. This is a 10 year agreement signed between the Department of Municipal Affairs and Housing and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

NOTE 7 CONTRACTUAL OBLIGATIONS (continued)

(in thousands)

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Agreements	Long-Term Leases	Total
2008-09	$ 7,117	$ 615,728	$ 53	$ 622,898
2009-10	4,248	692,986	14	697,248
2010-11	3,278	1,420,091	-	1,423,369
2011-12	3,175	1,416,483	-	1,419,658
2012-13	-	1,416,326	-	1,416,326
Thereafter	-	5,777,107	-	5,777,107
	$ 17,818	$ 11,338,721	$ 67	$ 11,356,606

NOTE 8 CONTINGENT LIABILITIES

($ in thousands)

At March 31, 2008, the Department is a defendant in 9 legal claims (2007 - 55 claims). 7 of these claims have specified amounts totaling $77,383 and the remaining 2 have not specified any amount (2006 - 49 claims with a specified amount of $90,248 and 6 with no specified amount). Included in the total legal claims are 7 claims in which the Department has been jointly named with other entities, 6 of which have specified claims amounting to $56,386 (2006 - 5 claims amounting to $6,386 and 2 claims with no specified amount). 4 claims amounting to $3,386 (2007 - 4 claims amounting to $3,386) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2007 and December 31, 2006 are as follows:

	2007	2006 (restated)
Special Areas Trust Account	$ 81,583	$ 80,003
Improvement Districts' Trust Account	5,129	4,990
	$ 86,712	$ 84,993

As at March 31, 2008, the following trust fund under administration had a balance as follows:

	2008	2007
Gunn Centre resident trust fund	$ 7	$ 10

NOTE 10 PAYMENTS UNDER AGREEMENT

(in thousands)

The Department has entered into agreements to deliver programs and services that are funded by:

- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- Alberta Risk Protocol is a project to develop a community based all hazards risk management protocol.
- Emergency Services Workers Agreement allows for the partial recovery of Workers' Compensation Board (WCB) costs.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $1,702 (2007 - $848) and accounts payable includes $1,348 (2007 - $492) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2008	2007 (restated)
Joint Emergency Preparedness Program	$ 1,268	$ 1,139
First Nations Emergency Planning Program	504	633
New Search and Rescue Initiatives Fund	-	220
Alberta Risk Protocol	144	22
	$ 1,916	$ 2,014

NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $4,118 for the year ended March 31, 2008 (2007 - $3,212).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – $3,698).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus – $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – $10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 12 COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2008
(in thousands)

Schedule 1

	2008		2007
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	11,000	13,459	33,572
Affordable Housing Program	15,220	15,219	15,173
Off-Reserve Aboriginal Housing Program	16,142	16,142	16,142
Recoveries from Indian and Northern Affairs Canada	100	157	144
Disaster Assistance Programs	-	13,290	(319)
Other	-	-	6
	42,462	58,267	64,718
Premiums, Fees and Licences	221	511	459
Other Revenue			
Dedicated Revenue Initiatives	1,724	1,724	1,626
Refunds of Expenditure	155	7,452	585
Rental Revenue	-	110	119
Miscellaneous	269	8	121
	2,148	9,294	2,451
	$ 70,831	$ 94,072	$ 93,628

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Dedicated Revenue Initiatives
Year ended March 31, 2008
(in thousands)

Schedule 2

	2008		
	Authorized Dedicated Revenue	Actual Dedicated Revenue	(Shortfall)/ Excess
Linear Assessment Services	$ 1,724	$ 1,724	$ -

The Department prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Statement of Operations.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses- Directly Incurred Detailed by Object
Year ended March 31, 2008
(in thousands)

Schedule 3

	2008		2007
	Budget	Actual	Actual (Restated- Note 3)
Voted:			
Salaries, Wages and Employee Benefits	$ 49,007	$ 49,006	$ 40,609
Supplies and Services	27,065	27,335	23,570
Grants	734,049	909,919	423,624
Financial Transactions and Other	52	109	60
Amortization of Tangible Capital Assets	2,549	1,779	1,788
Total Voted Expenses	$ 812,722	$ 988,148	$ 489,651
Statutory:			
Valuation Adjustments			
Provision for Doubtful Accounts	$ -	$ -	$ 67
Provision for Vacation Pay	200	989	498
	$ 200	$ 989	$ 565

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Budget
Year ended March 31, 2008
(in thousands)

Schedule 4

	2007-2008				
	Estimates	Adjustments (a)	Budget	Supplementary (b)	Authorized Budget
Revenues					
Contributions from Lottery Fund	$ 26,000	$ -	$ 26,000	$ -	$ 26,000
Transfers from Government of Canada	42,462	-	42,462	-	42,462
Premiums, Fees and Licences	221	-	221	-	221
Other Revenue	2,148	-	2,148	-	2,148
	70,831	-	70,831	-	70,831
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	13,317	-	13,317	-	13,317
Local Government Services	416,361	-	416,361	-	416,361
Public Safety	33,587	-	33,587	(20,000)	13,587
Emergency Management Alberta	9,929		9,929	50,000	59,929
Municipal Government Board	3,417	-	3,417	-	3,417
Community and Library Services	26,807	-	26,807	-	26,807
Housing Services	309,304	-	309,304	166,500	475,804
	812,722	-	812,722	196,500	1,009,222
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
	200	-	200	-	200
	812,922	-	812,922	196,500	1,009,422
Net Operating Results	$ (742,091)	$ -	$ (742,091)	$ (196,500)	$ (938,591)
Equipment/Inventory Purchases (EIP)	$ 1,290	$ -	$ 1,290	$ -	$ 1,290

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Expense, EIP and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.

(b) Supplementary Estimates were approved on December 7, 2007 and May 15, 2008.
Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING

SCHEDULE TO THE FINANCIAL STATEMENTS **Schedule 5**

Comparison of Expenses- Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget

For the year ended March 31, 2008

(In thousands)

		2007-2008						
		Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses, EIP and Capital Investments								
1	**Ministry Support Services**							
1.0.1	Minister's Office	$ 440	$ -	$ 440	$ -	$ 440	$ 666	$ (226)
1.0.2	Deputy Minister's Office	743	-	743	-	743	930	(187)
1.0.3	Support Services							
	- Expense	12,134	-	12,134	-	12,134	12,028	106
	- EIP	200	-	200	-	200	147	53
Total Program 1		13,517	-	13,517	-	13,517	13,771	(254)
2	**Local Government Services**							
2.1	**Division Support**							
2.1.1	Division Support							
	- Expense	9,684	-	9,684	-	9,684	4,804	4,880
	- EIP	1,090	-	1,090	-	1,090	670	420
2.2	**Municipal Services**							
2.2.1	Municipal Services	10,570	-	10,570	-	10,570	9,269	1,301
2.3	**Assessment Services**							
2.3.1	Assessment Services	8,714	-	8,714	-	8,714	8,161	553
2.4	**Financial Assistance Programs**							
2.4.1	Unconditional Municipal Grants							
	- Expense	3,655	-	3,655	-	3,655	4,612	(957)
	- Expense Funded by Lotteries	14,000	-	14,000	-	14,000	14,000	-
2.4.2	Municipal Debenture Interest Rebates	1,303	-	1,303	-	1,303	1,302	1
2.4.3	Grants in Place of Taxes	39,767	-	39,767	-	39,767	36,082	3,685
2.4.4	Financial Support to Local Authorities	14,468	-	14,468	-	14,468	15,302	(834)
2.4.5	Municipal Sponsorship							
	- Expense	2,200	-	2,200	-	2,200	2,281	(81)
	- Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
2.4.6	Municipal Sustainability Capital Grants	250,000	-	250,000	-	250,000	270,465	(20,465)
2.4.7	Municipal Sustainability Operating Grants	50,000	-	50,000	-	50,000	27,335	22,665
Total Program 2		417,451	-	417,451	-	417,451	406,283	11,168
3	**Public Safety**							
3.1	**Division Support**							
3.1.1	Division Support	1,253	-	1,253	-	1,253	1,243	10
3.2	**Safety Services and Fire Protection**							
3.2.1	Program Management	350	-	350	-	350	367	(17)
3.2.2	Technical Services	2,112	-	2,112	-	2,112	1,913	199
3.2.3	Regional Services	3,642	-	3,642	-	3,642	3,957	(315)
3.2.4	Underground Petroleum Storage Tanks	-	-	-	-	-	-	-
3.2.5	Tank Site Remediation Program	26,230	-	26,230	(20,000)	6,230	6,301	(71)
Total Program 3		33,587	-	33,587	(20,000)	13,587	13,781	(194)

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING

SCHEDULE TO THE FINANCIAL STATEMENTS **Schedule 5**

Comparison of Expenses- Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget **(continued)**

For the year ended March 31, 2008

(in thousands)

		2007-2008						
		Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses, EIP and Capital Investments								
4	**Emergency Management Alberta**							
4.1	**Emergency Management Alberta**							
4.1.1	Branch Management and Programs							
	- Expense	6,573	-	6,573	-	6,573	6,060	513
	- EIP	-	-	-	-	-	49	(49)
4.1.2	Disaster Recovery	600	-	600	50,000	50,600	38,492	12,108
4.1.3	Fire Commissioner's Office	1,956	-	1,956	-	1,956	2,175	(219)
4.1.4	Emergency Management Operating System	-	-	-	-	-	-	-
4.2	**Assistance for Municipal Emergency Response Training**		-	-	-	-	-	-
4.2.1	Assistance for Municipal Emergency Response Training	800	-	800	-	800	800	-
Total Program 4		9,929	-	9,929	50,000	59,929	47,576	12,353
5	**Municipal Government Board**							
5.0.1	Municipal Government Board							
	- Expense	3,417	-	3,417	-	3,417	3,839	(422)
	- EIP	-	-	-	-	-	-	-
Total Program 5		3,417	-	3,417	-	3,417	3,839	(422)
6	**Libraries, Community and Voluntary Services**							
6.0.1	Community and Voluntary Services	4,161	-	4,161	-	4,161	4,335	(174)
6.0.2	Library Services	695	-	695	-	695	603	92
6.0.3	Library Grants	21,451	-	21,451	-	21,451	23,644	(2,193)
6.0.4	Voluntary Sector Initiatives	500	-	500	-	500	399	101
Total Program 6		26,807	-	26,807	-	26,807	28,981	(2,174)
7	**Housing Services**							
7.1	**Management and Operations**							
7.1.1	Program Support	3,122	-	3,122	300	3,422	3,387	35
7.1.2	Housing Development Program Delivery	3,800	-	3,800	300	4,100	3,873	227
7.1.3	Housing Operating Program Delivery	2,737	-	2,737	300	3,037	2,804	233
7.2	**Housing Operating Grants**							
7.2.1	Rent Supplement	24,317	-	24,317	19,000	43,317	41,350	1,967
7.3	**Housing Development Capital Grants**							
7.3.1	Canada/Alberta Affordable Housing Agreement	-	-	-	-	-	-	-
7.3.2	Affordable Housing Partnership Initiative	-	-	-	-	-	-	-
7.3.3	Affordable Housing Program	60,220	-	60,220	100,400	160,620	160,381	239
7.3.4	Municipal Sustainability Housing Grants	100,000	-	100,000	-	100,000	100,000	-
7.3.5	Off-Reserve Aboriginal Housing Program	16,142	-	16,142	-	16,142	16,142	-

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING

SCHEDULE TO THE FINANCIAL STATEMENTS **Schedule 5**

Comparison of Expenses- Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget **(continued)**

For the year ended March 31, 2008

(in thousands)

	2007-2008						
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses, EIP and Capital Investments							
7 Housing Services (continued)							
7.4 Other Housing Services Grants							
7.4.1 Special Needs Housing	4,730	-	4,730	-	4,730	5,343	(613)
7.4.2 Homeless Support	33,809	-	33,809	43,500	77,309	84,232	(6,923)
7.4.3 Other Grants	610	-	610	-	610	632	(22)
7.4.4 Assistance to the Alberta Social Housing Corporation - Debt Repayment	21,166	-	21,166	-	21,166	17,166	4,000
7.4.5 Assistance to the Alberta Social Housing Corporation - Housing Providers	38,651	-	38,651	2,700	41,351	39,473	1,878
Total Program 7	309,304	-	309,304	166,500	475,804	474,783	1,021
Grand Total	$ 814,012	$ -	$ 814,012	$ 196,500	$ 1,010,512	$ 989,014	$ 21,498
Operating Expense	$ 786,722	$ -	$ 786,722	$ 196,500	$ 983,222	$ 962,148	$ 21,074
Operating Expense Funded by Lotteries	26,000	-	26,000	-	26,000	26,000	-
Equipment/Inventory Purchases	1,290	-	1,290	-	1,290	866	424
	$ 814,012	$ -	$ 814,012	$ 196,500	$ 1,010,512	$ 989,014	$ 21,498
Statutory Expenses							
Valuation Adjustments	$ 200	$ -	$ 200	$ -	$ 200	$ 989	$ (789)

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Expense, EIP and Capital investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.

(b) Supplementary Estimates were approved on December 7, 2007 and May 15, 2008.
Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

(c) Includes achievement bonus of $1,303.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year Ended March 31, 2008

Schedule 6

	2008				2007
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Department					
Deputy Minister[4][5]	$ 220,458	$ 100,553	$ 9,875	$ 330,886	$ 341,334
Assistant Deputy Ministers					
Local Government Services[6]	157,809	30,310	28,780	216,899	219,873
Public Safety	152,940	38,650	29,087	220,677	190,852
Housing Services	157,173	39,784	28,396	225,353	197,270
Corporate Strategic Services	164,736	36,003	29,289	230,028	207,853
Executive Directors					
Human Resources[7]	143,777	54,088	25,134	222,999	177,045
Alberta Emergency Management Agency					
Managing Director[8]	152,649	39,014	26,710	218,373	-

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances figures.

(5) This position was occupied by three individuals in 2008. The first incumbent held the role from the beginning of the fiscal year to March 14, 2008 for the former Department of Municipal Affairs and Housing. Other cash benefits includes accrued vacation paid to the outgoing Deputy Minister. See Note 3 for information on the government restructuring.
The second incumbent held the role from March 13, 2008 through the end of the fiscal year for the new Department of Municipal Affairs. The second incumbent's salary and benefit information including bonuses is not included in this schedule due to Department of Health and Wellness disclosing this in their salary and benefits schedule.
The third incumbent held the role from March 13, 2008 through the end of the fiscal year for the new Department of Housing and Urban Affairs. The third incumbent's salary and benefit information including bonuses is not included in this schedule due to the Ministry of Executive Council disclosing this in their salary and benefits schedule.

(6) This position was occupied by two individuals in 2008. The first incumbent held the role from the beginning of the fiscal year to November 4, 2007.

(7) This position was occupied by two individuals in 2008. The first incumbent held the role from the beginning of the fiscal year to January 13, 2008.

(8) Position established April 1, 2007; therefore, no comparative for 2007.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2008
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenues				
Lottery Fund	$ -	$ -	$ 26,000	$ 26,000
Expenses - Directly Incurred				
Business and Technology Services	$ -	$ -	$ 1,484	$ 995
Grants	56,639	171,429	-	-
Insurance	-	-	62	80
Other Services	-	-	2	-
	$ 56,639	$ 171,429	$ 1,548	$ 1,075
Payable To:				
Safety Codes Council	$ -	$ -	$ -	$ -
Alberta Social Housing Corporation	1,135	1,135	-	-
Department of Tourism, Parks, Recreation and Culture	-	-	-	333
Department of Service Alberta	-	-	-	41
	$ 1,135	$ 1,135	$ -	$ 374

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
Related Party Transactions
Year ended March 31, 2008
(in thousands)

Schedule 7
(continued)

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenue				
Services Provided	$ 3,019	$ 1,448	$ -	$ -
Expenses - Incurred by Others (Schedule 8)				
Accommodation	$ -	$ -	$ 8,327	$ 6,540
Air Transportation/Executive Vehicles	-	-	123	110
Internal Audit	-	-	132	70
Business Services	-	-	1,504	1,442
Legal	-	-	782	681
	$ -	$ -	$ 10,868	$ 8,843

The Department paid $35,855 (2007 - $30,748) of grants in place of taxes on behalf of other ministries.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2008
(in thousands)

Schedule 8

	2008							2007
		Expenses - Incurred by Others			Valuation Adjustments (5)			
Program	Expenses (1)	Accommo-dation Costs (2)	Business Services (3)	Legal/ Internal Audit Services (4)	Vacation Pay	Doubtful Accounts	Expenses	Expenses (Restated- Note 3)
Ministry Support Services	$ 13,624	$ 906	$ 1,627	$ 211	$ 305	$ -	$ 16,673	$ 14,964
Local Government Services	405,613	1,974	-	360	204	-	408,151	99,792
Public Safety	13,781	940	-	138	159	-	15,018	15,101
Emergency Management Alberta	47,527	478	-	94	97	-	48,196	12,048
Municipal Government Board	3,839	302	-	10	41	-	4,192	4,056
Community and Library Services	28,981	592	-	-	19	-	29,592	24,579
Housing Services	474,783	3,135	-	101	164	-	478,183	328,519
	$ 988,148	$ 8,327	$ 1,627	$ 914	$ 989	$ -	$ 1,000,005	$ 499,059

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Cost shown for Accommodation on Schedule 7, allocated by square footage.

(3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.

(4) Cost shown for Legal and Internal Audit Services on Schedule 7, allocated by estimated costs incurred by each program.

(5) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:
- Vacation Pay - allocated to the program by employee,
- Doubtful Accounts Provision - estimated allocation to program.

Alberta Social Housing Corporation

Financial Statements

March 31, 2008

Auditor's Report
Statement of Operations
Statement of Financial Position
Statement of Cash Flows
Notes to the Financial Statements
Schedules to the Financial Statements:

1 Revenues
2 Expenses- Directly Incurred Detailed by Object
3 Budget
4 Related Party Transactions
5 Allocated Costs

Auditor's Report

To the Minister of Municipal Affairs and the Minister of Housing and Urban Affairs

I have audited the statement of financial position of the Alberta Social Housing Corporation (the Corporation) as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 23, 2008

Original Signed by:

FCA
Auditor General

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF OPERATIONS
Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Transfers from Department of Municipal Affairs and Housing	$ 59,817	$ 56,639	$ 171,429
Transfers from Government of Canada	62,937	61,464	60,288
Investment income	3,150	6,453	4,337
Other revenue	2,152	247	782
	128,056	124,803	236,836
Expenses - Directly incurred (Note 2b, Schedules 2 and 5)			
Support to Housing Providers			
Seniors housing providers	2,087	-	-
Community housing	38,651	39,773	34,385
Other housing	425	128	182
Other asset administration	665	266	274
Amortization and insurance	25,498	24,982	24,732
Grants in kind	19,224	19,208	19,200
Debt servicing costs	21,735	21,734	59,220
	108,285	106,091	137,993
Valuation adjustments			
Provision for (recovery of) losses on:			
Guarantees, indemnities and mortgages	85	(16)	(73)
	85	(16)	(73)
	108,370	106,075	137,920
Gain on disposal of tangible capital assets	13,254	22,007	18,181
Net operating results	$ 32,940	$ 40,735	$ 117,097

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2008
(in thousands)

	2008	2007
Assets		
Cash (Note 4)	$ 180,572	$ 116,766
Accounts receivable (Note 5)	19,509	18,989
Due from Department of Municipal Affairs and Housing	1,135	1,135
Loans and advances (Note 6)	6,547	12,574
Deferred financing charges	835	1,017
Tangible capital assets (Note 7)	664,711	694,672
	$ 873,309	$ 845,153
Liabilities		
Accounts payable and accrued liabilities	$ 20,719	$ 15,964
Accrued interest payable	2,350	2,430
Due to Department of Seniors and Community Supports	15,718	11,788
Allowance for losses on guarantees and indemnities (Note 8)	6	24
Long-term debt (Note 9)	300,289	321,455
	339,082	351,661
Equity		
At beginning of year	493,492	376,395
Net operating results	40,735	117,097
At end of year	534,227	493,492
	$ 873,309	$ 845,153

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
Year ended March 31, 2008
(in thousands)

	2008	2007
Operating transactions		
Net operating results	$ 40,735	$ 117,097
Non-cash items included in net operating results		
Amortization of tangible capital assets	23,028	23,187
Amortization of deferred financing charges	182	193
Grants in kind	19,208	19,200
Valuation adjustments	(16)	(73)
Gain on disposal of tangible capital assets	(22,007)	(18,181)
	61,130	141,423
(Increase) in accounts receivable	(520)	(12,732)
Decrease in due from Municipal Affairs and Housing	-	6,015
(Decrease) in accrued interest payable	(80)	(6,373)
Increase (Decrease) increase in accounts payable and accrued liabilities before valuation adjustments	4,755	(1,405)
Increase in due to Department of Seniors and Community Supports	3,930	1,242
Cash provided by operating transactions	69,215	128,170
Capital transactions		
Acquisition of tangible capital assets	(170)	(102)
Disposal of tangible capital assets	9,900	2,303
Contributions in kind	-	(315)
Cash provided by capital transactions	9,730	1,886
Investing transactions		
Repayment of loans and advances	6,027	7,596
Cash provided by investing transactions	6,027	7,596
Financing transactions		
Repayment of long term debt	(21,166)	(100,852)
Cash applied to financing transactions	(21,166)	(100,852)
Net increase in cash and cash equivalents	63,806	36,800
Cash and cash equivalents, beginning of year	116,766	79,966
Cash and cash equivalents, end of year	$ 180,572	$ 116,766

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2008
(thousands of dollars)

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Social Housing Corporation operates under the authority of the *Alberta Housing Act,* Chapter A-25, Revised Statutes of Alberta 2000. The Act is jointly administered by the Department of Municipal Affairs and Housing and the Department of Seniors and Community Supports.

The Corporation's primary purpose is to facilitate the provision of affordable housing options, through community housing providers, to low-income families and individuals, those with special needs and administer seniors housing for the Department of Seniors and Community Supports. The Corporation owns and administers the Crown's portfolio of housing assets and manages provincial debts and agreements associated with those assets. This includes administering the sale of provincially owned properties no longer efficient or effective for social housing programs.

The Corporation also oversees the provincial commitments and entitlements remaining from discontinued business activities such as mortgages and loan guarantees, and directly operates and acts as the landlord for a small portion of units classified as "rural housing".

The Corporation is a crown agent of the Government of Alberta and as such has a tax exempt status.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Alberta Social Housing Corporation, which is part of the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting

Revenues

All revenues are recorded on the accrual basis of accounting.

Internal government transfers
Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada
Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Expenses

Directly incurred
Directly incurred expenses are those costs the Corporation has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- debt servicing costs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to guarantees and indemnities.

- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by others
Services contributed by other entities in support of the Corporation's operations are disclosed in Schedule 5.

Assets

Cash and accounts receivable
Financial assets of the Corporation are limited to cash, and financial claims such as advances to and receivables from other organizations and individuals.

Loans and advances
Loan and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

Deferred financing charges
Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting (continued)

Assets (continued)

Tangible capital assets
Assets acquired by right are not included. Tangible capital assets of the Corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing tangible capital assets is $5. All land and work-in-progress are capitalized at cost and not amortized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When tangible capital assets are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these tangible capital assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Equity

Equity represents the difference between the carrying value of assets held by the Corporation and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities (continued)

The fair values of cash, accounts receivable, due from Municipal Affairs and Housing, accounts payable and accrued liabilities, accrued interest payable, and due to Department of Seniors and Community Supports are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the housing providers accounts receivable of $12,506 (2007 - $14,857) as disclosed in these statements is subject to measurement uncertainty.

NOTE 3 GOVERNMENT RESTRUCTURING

On March 12, 2008, the government announced new ministry structures. As a result, the Ministry of Municipal Affairs and Housing name was changed to the Ministry of Municipal Affairs and the housing services programs including Alberta Social Housing Corporation were transferred to the newly established Ministry of Housing and Urban Affairs.

Since the 2007-08 fiscal year was substantially completed prior to this announcement, the Ministry of Municipal Affairs and Housing consolidated financial statements have been prepared as if the restructuring took place on April 1, 2008.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2008
(thousands of dollars)

NOTE 4 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2008, securities held in the CCITF have an average effective market yield of 4.81% per annum (2007- 4.36% per annum).

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Housing providers	$ 12,506	$ -	$ 12,506	$ 14,857
Accounts receivable	7,045	(42)	7,003	4,132
	$ 19,551	$ (42)	$ 19,509	$ 18,989

NOTE 6 LOANS AND ADVANCES

	2008				2007
	Accrual	Non-Accrual	Allowance for Losses	Net Realizable Value	Net Realizable Value
Rural and Native[a]	$ 5,330	$ 265	$ (4)	$ 5,591	$ 7,728
Agreements receivable[b]	895	-	-	895	4,736
Other receivables	61	-	-	61	110
	$ 6,286	$ 265	$ (4)	$ 6,547	$ 12,574

[a] These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

[b] Agreements receivable represent amounts receivable for land sales.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2008
(thousands of dollars)

NOTE 7 TANGIBLE CAPITAL ASSETS

	2008			2007
	Land	Buildings	Total	Total
Estimated useful life	Indefinite	10-50 years [a]		
Historical Cost				
Beginning of year	$ 119,291	$ 1,101,052	$ 1,220,343	$ 1,225,184
Additions	124	46	170	417
Disposals, including write-downs	(3,094)	(6,646)	(9,740)	(5,258)
	$ 116,321	$ 1,094,452	$ 1,210,773	$ 1,220,343
Accumulated Amortization				
Beginning of year	$ -	$ 525,671	$ 525,671	$ 504,420
Amortization expense	-	23,028	23,028	23,187
Effect of disposals	-	(2,637)	(2,637)	(1,936)
	$ -	$ 546,062	$ 546,062	$ 525,671
Net book value at March 31, 2008	$ 116,321	$ 548,390	$ 664,711	
Net book value at March 31, 2007	$ 119,291	$ 575,381		$ 694,672

[a] Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.

NOTE 8 GUARANTEES AND INDEMNITIES

The Corporation has outstanding guarantees that were issued on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2008	2007
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2009	$ -	$ 65
2011	15,295	17,520
	$ 15,295	$ 17,585

Under the former mobile home loan insurance program, the Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2008 amount to $450 (2007 - $772). This program was terminated effective October 1, 1993. However, the Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of $6 (2007 - $24).

NOTE 9 LONG-TERM DEBT

The Corporation's long-term debt and exposure to interest rate risk is summarized as follows:

	2008	2007
Canada Mortgage and Housing Corporation [a]	$ 75,896	$ 77,263
Alberta Finance [b]	224,393	244,192
	$ 300,289	$ 321,455

[a] debentures maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%.

[b] notes payable maturing September 16, 2016 with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings. The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal in each of the next five years are:

2009	$ 22,486
2010	23,890
2011	25,384
2012	26,973
2013	28,664
thereafter	172,892
	$ 300,289

Long-term debt has a fair value of $113,426 (2007 - $117,760) for Canada Mortgage and Housing Corporation debentures and $244,937 (2007 - $262,507) for note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Corporation for debt with similar terms and maturities.

NOTE 10 PROGRAM RECOVERIES

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation (CMHC) towards subsidies of rental properties and mortgages receivable and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Corporation. Contributions are also provided by CMHC to the Corporation for net operating results of approved seniors housing projects that are recorded by the Department of Seniors and Community Supports.

NOTE 11 SALARY AND BENEFITS

The Corporation has no salary or benefits to disclose under Treasury Board Directive 12/98 as amended due to:

The Corporation has no employees. Staff of the Department of Municipal Affairs and Housing administer the Corporation, and the estimated value of these services is included in Schedule 4 as an expense incurred by others.

The Corporation did not pay honoraria to its Board members.

NOTE 12 CONTRACTUAL OBLIGATIONS

The Corporation leases land under various leases for the purpose of providing social housing. The aggregate amounts payable for the unexpired terms of these leases are:

	2008	2007
2008	$ -	$ 1,347
2009	1,347	1,347
2010	1,347	1,347
2011	1,347	1,347
2012	1,347	1,347
2013	1,347	1,347
Thereafter	34,600	34,600
	$ 41,335	$ 42,682

NOTE 13 CONTINGENCIES

At March 31, 2008 the Corporation is a defendant in 9 legal claims (2007 - 6 legal claims). 9 of these claims have specified amounts totaling $11,253 (2007– 6 claims with a specified amount of $1,450). Included in the total legal claims are 2 legal claims amounting to $8,176 (2007 - 4 legal claims amounting to $775) in which the Corporation has been jointly named with other entities. 3 claims amounting to $1,251 (2007 - 4 claims amounting to $820) are covered by the Alberta Risk Management fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 14 HOUSING PROVIDERS

The Corporation supports the provision of community housing through housing providers. Grants are provided to housing providers that have expenses in excess of revenues, and recoveries are made from housing providers that have revenues in excess of expenses. Housing providers do not record expenses for property insurance, amortization and interest on long-term debt on buildings. These costs are incurred and recorded by the Corporation.

The Corporation administers seniors housing assets (net book value of $464,135) on behalf of the Department of Seniors and Community Supports. Long-term debt associated with these assets is $180,112. Costs incurred by the Corporation for the Department of Seniors and Community Supports are debt servicing ($12,206), amortization and insurance ($16,089) and grants in kind ($5,881).

The day to day administration of the seniors housing program is carried out by the Corporation. The net operations of the seniors housing program are reported in the Department of Seniors and Community Supports financial statements.

NOTE 14 HOUSING PROVIDERS (continued)

Information on the operating and maintenance grants to housing providers is as follows:

	2008	2007
Operating Grants to Housing Providers	$ 28,659	$ 25,341
Maintenance Grants to Housing Providers	11,114	9,044
Support to Housing Providers- Community Housing	$ 39,773	$ 34,385

The above results are recorded on the Statement of Operations for the year as follows:

	2008	2007
Support to Housing Providers- Community Housing	$ 39,773	$ 34,385

NOTE 15 COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to 2008 presentation.

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Senior Financial Officer of the Department of Municipal Affairs and Housing and the President of Alberta Social Housing Corporation.

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2008
(in thousands)

Schedule 1

	2008		2007
	Budget	Actual	Actual
Internal Government Transfers			
Transfers from Department of Municipal Affairs and Housing			
Debt repayment	$ 21,166	$ 17,166	$ 137,078
Housing providers	38,651	39,473	34,351
	59,817	56,639	171,429
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 10)	62,937	61,464	60,288
Investment income			
Bank and other	3,000	6,406	4,270
Mortgages	150	47	67
	3,150	6,453	4,337
Other revenue			
Miscellaneous	2,152	78	215
Contributions in kind	-	-	315
Rental properties	-	150	207
Refunds of expenses	-	19	45
	2,152	247	782
	$ 128,056	$ 124,803	$ 236,836

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses- Directly Incurred Detailed by Object
Year ended March 31, 2008
(in thousands)

Schedule 2

	2008		2007
	Budget	Actual	Actual
Expenses			
Debt servicing costs	$ 21,735	$ 21,734	$ 59,220
Amortization of tangible capital assets	23,818	23,028	23,187
Grants	60,512	59,276	53,918
Supplies and services	2,220	2,053	1,668
	$ 108,285	$ 106,091	$ 137,993
Valuation adjustments			
Provision for (recovery of) losses on:			
Guarantees, indemnities and mortgages	$ 85	$ (16)	$ (73)
Doubtful accounts	-	-	-
	$ 85	$ (16)	$ (73)

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Budget
Year ended March 31, 2008
(in thousands)

Schedule 3

	2007-2008		
	Estimates	Authorized Supplementary [a]	Authorizated Budget
Revenues			
Transfers from Department of Municipal Affairs and Housing	$ 59,817	$ 2,700	$ 62,517
Transfers from the Government of Canada	62,937	-	62,937
Investment income	3,150	-	3,150
Other revenue	2,152	-	2,152
	128,056	2,700	130,756
Expenses			
Support to Housing Providers			
Seniors housing providers	2,087	-	2,087
Community housing providers	38,651	2,700	41,351
Other housing providers	425	-	425
Other asset administration	665	-	665
Amortization/Insurance	25,498	-	25,498
Grants in kind	19,224	-	19,224
Debt servicing costs	21,735	-	21,735
	108,285	2,700	110,985
Valuation adjustments			
Provision for (recovery of) losses on:			
Guarantees, indemnities, and mortgages	85	-	85
	85	-	85
Total expenses	108,370	2,700	111,070
Gain on disposal of tangible capital assets	13,254	-	13,254
Net operating results	$ 32,940	$ -	$ 32,940
Capital assets	$ -	$ -	$ -

[a] Supplementary Estimates were approved on December 7, 2007 and May 15, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2008
(in thousands)

Schedule 4

The Corporation paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Corporation had the following transactions with related parties recorded on the Statement of Operations and Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenues				
Transfers from the Department of Municipal Affairs and Housing	$ 56,639	$ 171,429	$ -	$ -
Expenses - directly incurred				
Other services	$ -	$ -	$ 884	$ 783
Debt servicing costs	-	-	14,324	51,689
	$ -	$ -	$ 15,208	$ 52,472
Deferred financing charges to Alberta Finance	$ -	$ -	$ 835	$ 1,017
Accounts Payables				
Alberta Finance [1]	$ -	$ -	$ 224,940	$ 244,787
Department of Seniors and Community Supports	-	-	15,718	11,788
	$ -	$ -	$ 240,658	$ 256,575
Accounts Receivable				
Risk Management and Insurance	$ -	$ -	$ 4,629	$ 1,787
Department of Municipal Affairs and Housing	1,135	1,135	-	-
	$ 1,135	$ 1,135	$ 4,629	$ 1,787

[1] Debt and accrued interest on debt.

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2008

Schedule 4
(continued)

The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 5.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Expenses - incurred by others				
Salaries and wages	$ 2,588	$ 1,213	$ -	$ -
Supplies and services	431	235	-	-
Accommodation	-	-	139	65
Legal services	-	-	68	18
	$ 3,019	$ 1,448	$ 207	$ 83

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2008
(in thousands)

Schedule 5

	2008										2007
	Expenses - Directly Incurred				Expenses - Incurred by Others[2]			Valuation Adjustments			
Program	Program Expenses[1]	Debt Servicing Costs[1]	Amortization /Insurance costs	Grants in Kind	Other Services	Accommodation Costs	Legal Services	Losses/ (Recoveries)	Doubtful Accounts	Total Expenses	Total Expenses
Community housing	$ 39,773	$ 21,687	$ 24,905	$ 19,208	$ 2,997	$ 138	$ 68	$ -	$ -	$ 108,776	$ 129,660
Other housing	128	47	77	-	11	-	-	-	-	263	348
Other asset administration	266	-	-	-	11	1	-	(16)	-	262	9,443
	$ 40,167	$ 21,734	$ 24,982	$ 19,208	$ 3,019	$ 139	$ 68	$ (16)	$ -	$ 109,301	$ 139,451

(1) Expenses - directly incurred as per Statement of Operations excluding valuation adjustments.

(2) Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.

Financial Statements of

SAFETY CODES COUNCIL

Year ended December 31, 2007

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AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the statement of financial position of Safety Codes Council as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Operating fees received from Municipalities and Agencies are collected on behalf of the Council, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of operating fees revenue received from Municipalities and Agencies was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to operating fees revenue, excess of revenues over expenditures, accounts receivable and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of operating fees from Municipalities and Agencies referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Signed KPMG LLP"

Chartered Accountants

Edmonton, Canada
March 7, 2008

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2007

Financial Statements

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SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	$ 273,216	$ 111,222
Accounts receivable	440,603	413,803
Prepaid expenses and deposits	107,196	41,991
	821,015	567,016
Underground Petroleum Tank Remediation Program (note 5):		
Restricted cash	-	1,777,958
Accounts receivable	-	75
Contributions receivable	-	1,912,849
Advances to municipalities	-	50,000
Prepaid expenses and deposits	-	3,750
	-	3,744,632
	821,015	4,311,648
Investments (note 2)	5,398,147	5,055,931
Capital assets (note 3)	301,194	251,202
	$ 6,520,356	$ 9,618,781
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 269,712	$ 260,729
Deferred contributions (note 4)	78,077	106,458
	347,789	367,187
Underground Petroleum Tank Remediation Program (note 5):		
Accounts payable	-	222,379
Deferred contributions	-	3,522,253
	-	3,744,632
	347,789	4,111,819
Net assets:		
Unrestricted	2,871,373	2,255,760
Internally restricted (note 6)	3,000,000	3,000,000
Invested in capital assets	301,194	251,202
	6,172,567	5,506,962
Commitments (note 7)		
	$ 6,520,356	$ 9,618,781

See accompanying notes to financial statements.

On behalf of the Council:

_____ Member _____ Member

_____ Member

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Operating fees:		
Municipalities and agencies	$ 3,965,410	$ 3,761,210
Corporations	373,542	367,375
Designation of powers	21,525	19,650
Certification	21,143	13,066
Accreditation	3,600	1,900
Appeals	11,700	8,500
Investment income (note 8)	155,365	187,480
Course and exam fees	445,252	330,026
Contributions from Alberta Municipal Affairs and Housing	26,354	63,316
Other	36,997	30,683
	5,060,888	4,783,206
Expenditures:		
Salaries and benefits	2,459,962	1,855,665
Electronic Business Solutions	146,730	278,840
Office and general	144,414	146,669
Office rental	130,143	110,617
Travel	98,001	109,661
Annual conference	218,007	100,231
Course and seminar costs	197,472	98,334
Publications	113,061	68,976
Amortization of capital assets	101,557	61,420
Loss on disposal of capital assets	3,227	55,468
Code update training	66,391	51,512
Meetings	55,403	48,750
Consulting fees	5,724	40,738
Professional fees	207,134	33,510
Insurance	34,680	33,390
Special training programs	78,982	32,955
EPS Private Sewage Enhancements Project	-	29,330
Bank and investment service charges	26,662	20,658
Appeals	64,829	15,540
New course version	189,778	12,610
Honorariums	3,400	6,610
Course revisions	223	5,915
Competency analysis	31,403	5,682
Electronic conversion	-	5,300
Test bank validations	9,923	2,164
Corporate memberships	2,422	1,480
New course development	627	956
	4,390,155	3,232,981
Excess of revenues over expenditures before the undernoted	670,733	1,550,225
Underground Petroleum Tank Site Remediation Program (note 5):		
Total expenditures	1,991,560	2,399,534
Revenues:		
Recoveries	(13,175)	(55,220)
Alberta Municipal Affairs and Housing	(1,978,385)	(2,344,314)
	-	-
Excess of revenues over expenditures	$ 670,733	$ 1,550,225

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2007, with comparative figures for 2006

	Unrestricted	Internally restricted	Investment in capital assets	2007 Total	2006 Total
Balance, beginning of year	$ 2,255,760	$ 3,000,000	$ 251,202	$ 5,506,962	$ 3,956,737
Adjustment on implemention of financial instruments standards [note 1(a)]	(5,128)	-	-	(5,128)	-
Restated balance, beginning of year	2,250,632	3,000,000	251,202	5,501,834	3,956,737
Excess (deficiency) of revenues over expenditures	775,517	-	(104,784)	670,733	1,550,225
Investment in capital assets, net	(154,776)	-	154,776	-	-
Balance, end of year	$ 2,871,373	$ 3,000,000	$ 301,194	$ 6,172,567	$ 5,506,962

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	$ 670,733	$ 1,550,225
Items not involving cash:		
Change in unrealized losses on investments	51,672	-
Amortization of capital assets	101,557	61,420
Loss on disposal of capital assets	3,227	55,468
Changes in non-cash operating working capital:		
Accounts receivable	(26,800)	151,254
Prepaid expenses and deposits	(65,205)	638
Accounts payable and accrued liabilities	8,983	136,076
Deferred contributions	(28,381)	13,880
Changes in non-cash operating working capital relating to the Underground Petroleum Tank Site Remediation Program:		
Change in restricted cash relating to tank program	1,777,958	(258,349)
Decrease (increase) in accounts receivable	75	(53)
Decrease in contributions receivable	1,912,849	2,379,784
Decrease in advances to municipalities	50,000	-
Decrease in prepaid expenses and deposits	3,750	553
Increase (decrease) in accounts payable	(222,379)	222,379
Decrease in deferred contributions	(3,522,253)	(2,344,314)
	715,786	1,968,961
Investing and financing activities:		
Purchase of investments	(399,016)	(1,686,520)
Purchase of capital assets	(154,776)	(233,282)
	(553,792)	(1,919,802)
Cash, beginning of year	111,222	62,063
Increase in cash	161,994	49,159
Cash, beginning of year	111,222	62,063
Cash, end of year	$ 273,216	$ 111,222
Supplemental cash flow information:		
Bank and investment service charges paid	$ 26,662	$ 20,658

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2007

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based council is comprised of a Council chair, a coordinating committee and technical councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

1. Significant accounting policies:

(a) Changes in accounting policies:

i) Financial instruments:

On January 1, 2007, the Council adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 " Financial Instruments - Recognition and Measurement" and Section 3861" Financial Instruments - Disclosure and Presentation" recommendations. Section 3855 addresses when financial instruments should be recognized and how they should be measured. Section 3861 provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

1. Significant accounting policies (continued):

(a) Changes in accounting policies (continued):

i) Financial instruments (continued):

As a result of adopting these new standards, the Council recorded a non-cash reduction of net assets of $5,128 for the change in accounting for financial assets classified as held-for-trading and measured at fair value rather than amortized cost at the beginning of the current fiscal year.

ii) Accounting changes:

On January 1, 2007 the Council adopted the CICA Handbook Section 1506 "Accounting Changes" recommendations. The new standard allows for voluntary changes in accounting policy only when they result in financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors in the financial statements. The adoption of these recommendations had no impact on the financial statements of the Council.

(b) Financial assets and liabilities:

Cash and investments are classified as held-for-trading and are measured at fair value. Accounts receivable and accounts payable and accrued liabilities are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

The Council does not have any derivatives that need to be recorded at fair value in its financial statements nor any embedded derivatives in its contractual arrangements that must be separated from the host contract and accounted for separately.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

(d) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating fees from corporations and contributions relating to future years are reflected as deferred contributions.

Investment income includes interest income and realized and unrealized investment gains and losses.

Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

1. Significant accounting policies (continued):

(e) Contributed services:

Alberta Municipal Affairs and Housing currently provides certain services to the Council including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost. As a result of the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	2007 Fair value	2006 Carrying value	2006 Fair value
Cash	$ 2,627	$ 79,173	$ 79,173
Federal and provincial government bonds, with effective interest rates from 3.84% to 5.43% (2006 – 3.34% to 6.01%) and maturity dates up to 2013	4,511,123	4,055,318	4,038,639
Corporate bonds, with an effective interest rate of 4.25% to 5.55% (2006 – 3.64% to 5.7%) with maturity dates up to 2016	621,194	547,482	548,891
Corporate cumulative and non-cumulative preferred shares, with effective interest rates from 4.5% to 4.75% (2006 – 4.5% to 5.5%)	263,203	373,958	384,100
	$ 5,398,147	$ 5,055,931	$ 5,050,803

3. Capital assets:

	Cost	Accumulated amortization	2007 Net book value	2006 Net book value
Furniture and fixtures	$ 116,231	$ 63,080	$ 53,151	$ 51,887
Equipment	22,235	7,633	14,602	18,253
Computer hardware	238,977	85,202	153,775	123,931
Computer software	64,493	14,815	49,678	22,434
Leasehold improvements	71,692	41,704	29,988	34,697
	$ 513,628	$ 212,434	$ 301,194	$ 251,202

4. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for certification, designation of powers, courses and training, Electronic Permitting System and operating fees from corporations received in the current year that relate to future years. Changes in the deferred contributions balance are as follows:

2007	Education and training	Electronic Permitting System - PSDS enhancements	Certification revenue	Total
Balance, beginning of year	$ 42,660	$ 26,354	$ 37,444	$ 106,458
Amount received during the year	19,067	-	30,926	49,993
Amount recognized as revenue in the year	(42,660)	(26,354)	(9,360)	(78,374)
Balance, end of year	$ 19,067	$ -	$ 59,010	$ 78,077

2006	Education and training	Electronic Permitting System - PSDS enhancements	Certification revenue	Total
Balance, beginning of year	$ 8,258	$ 84,320	$ -	$ 92,578
Amount received during the year	42,660	-	50,510	93,170
Amount recognized as revenue in the year	(8,258)	(57,966)	(13,066)	(79,290)
Balance, end of year	$ 42,660	$ 26,354	$ 37,444	$ 106,458

5. Underground Petroleum Tank Site Remediation Program:

The Underground Petroleum Tank Site Remediation Program (the "Program") was established by the Alberta government to provide financial assistance by way of grants to land owners, or persons responsible, for the clean up of contamination of lands related to underground fuel storage.

Effective April 1, 2002, pursuant to a Transfer Agreement between the Council and Alberta Municipal Affairs ("AMA"), the Council agreed to undertake the ongoing administration and completion of the Program. Under the Transfer Agreement, the Council had the authority to administer and complete the Program of the Minister of Municipal Affairs and Housing. For any grants committed to by AMA prior to the transfer of administration of the Program to the Council, the Council is responsible to review and approve the amounts to be paid; however, the actual payment is the responsibility of Alberta Municipal Affairs and Housing ("MA&H").

	Year ended December 31, 2007	Year ended December 31, 2006	Total expenditures since project inception	Total project budget
Expenditures:				
Grants:				
Environmental site assessments	$ -	$ 10,000	$ 989,507	$ -
Remediation	2,418	985,975	9,940,202	-
Retroactive claims	1,989,072	761,237	12,057,780	-
	1,991,490	1,757,212	22,987,489	24,359,000
Operational costs	70	642,322	3,343,801	3,363,000
Total expenditures	1,991,560	2,399,534	$ 26,331,290	$ 27,722,000
Recoveries:				
Investment income	(13,175)	(55,220)		
Net expenditures for the year	1,978,385	2,344,314		
Deferred contributions from MA&H, beginning of year	3,522,253	5,866,567		
Amounts returned to MA&H during the year	1,543,868	-		
Deferred contributions from MA&H, end of year	$ -	$ 3,522,253		

In September 2006, MA&H gave notice to the Council of the intention to terminate the Transfer Agreement as of March 31, 2007. As a result, all remaining unspent funds held by the Council as of March 31, 2007 were returned to MA&H.

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of $3,000,000 to minimize the impact of short-term fluctuations in operating fee revenues on its ability to meet its mandate. This amount is not available for other purposes without the approval of the Coordinating Committee.

7. Commitments:

The Council is committed to an operating lease for its premises which expires in 2008. The remaining minimum lease payments under this lease agreement are $15,720.

Subsequent to year end, the Council entered into a new operating lease agreement for its premises which expires in April, 2018. Minimum lease payments for the next five years are as follows:

2008	$ 127,171
2009	190,757
2010	190,757
2011	190,757
2012	190,757

The Council is also responsible for operating costs.

8. Investment income:

Investment income is compromised of the following:

	2007	2006
Interest income	$ 207,012	$ 187,480
Realized gains on disposal of investments	25	-
Change in unrealized losses on investments	(51,672)	-
	$ 155,365	$ 187,480

9. Financial instruments:

It is management's opinion that the Council is not exposed to significant currency or credit risk arising from its financial instruments.

The fair values of the investments bearing interest at fixed rates are subject to interest rate price risk.

The Council does not use derivative financial instruments to alter the effects of market or interest fluctuations affecting these investments. The Council limits its exposure to credit risk by investing in short-term notes and bonds of financially sound counter-parties with a weighted average credit quality rating of AA or higher.

Improvement Districts' Trust Account
Summary Statement of Revenue and Expenditures
For the year ended December 31, 2007

	Improvement Districts						
	4	9	12	13	24	Kananaskis [a]	Total
Assets	$ 302,975	$ 3,910,875	$ 406,092	$ 121,058	$ 169,698	$ 2,894,841	$ 7,805,539
Liabilities	184,577	893,455	165,960	7,877	117,423	1,307,457	2,676,749
Net assets	$ 118,398	$ 3,017,420	$ 240,132	$ 113,181	$ 52,275	$ 1,587,384	$ 5,128,790
Revenues	$ 98,664	$ 1,171,847	$ 77,132	$ 24,724	$ 18,492	$ 1,480,272	$ 2,871,131
Expenditures	114,702	970,963	50,006	7,672	12,506	1,532,145	2,687,994
Excess of revenues over expenditures	$ (16,038)	$ 200,884	$ 27,126	$ 17,052	$ 5,986	$ (51,873)	$ 183,137

Improvement District:

4 Waterton National Park
9 Banff National Park
12 Jasper National Park
13 Elk Island National Park
24 Wood Buffalo National Park

[a] Ministerial Order No. L:131/08 delegated the administration of the Kananaskis Improvement District to the Minister of Tourism, Parks and Recreation.

Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures
For the year ended December 31, 2007

	Improvement Districts						
	4	9	12	13	24	Kananaskis	Total
REVENUES							
General Municipal:							
Taxation							
Real property	$ 350,391	$ 2,683,872	$ 41,157	$ 4,558	$ 3,279	$ 1,034,730	$ 4,117,987
Federal grants	93,208	575,649	52,440	32,128	21,696	12,323	787,444
Provincial grants	-	-	-	-	-	114,967	114,967
Power and pipeline	5,463	97,438	109,089	11,045	6,138	453,682	682,855
Oil well drilling taxes	-	-	-	-	-	17,141	17,141
Penalties and costs	2,313	7,432	1,667	-	169	2,733	14,314
	451,375	3,364,391	204,353	47,731	31,282	1,635,576	5,734,708
Less payment of requisitions to:							
Alberta School Foundation Fund	356,607	2,246,582	133,889	23,160	13,479	728,640	3,502,357
Seniors Foundation	-	51,277	3,098	-	-	16,304	70,679
	356,607	2,297,859	136,987	23,160	13,479	744,944	3,573,036
General municipal taxes	94,768	1,066,532	67,366	24,571	17,803	890,632	2,161,672
Government transfers	-	-	-	-	-	16,152	16,152
Interest	3,420	47,638	9,751	153	689	50,729	112,380
Other	476	57,677	15	-	-	522,759	580,927
	$ 98,664	$ 1,171,847	$ 77,132	$ 24,724	$ 18,492	$ 1,480,272	$ 2,871,131
EXPENDITURES							
General Municipal:							
Administrative services	$ 40,450	$ 126,556	$ 13,600	$ 1,299	$ 1,100	$ 236,373	$ 419,378
Transportation services	-	-	-	-	-	105,454	105,454
Protective services	-	722,624	27,962	-	-	784,483	1,535,069
Assessment Fees	6,027	24,821	8,444	6,373	11,406	-	57,071
Grants	-	-	-	-	-	-	-
Recreation and cultural services	62,600	67,573	-	-	-	-	130,173
Utilities	-	15,207	-	-	-	49,835	65,042
Honorarium	5,000	7,691				-	12,691
Agriculture, planning and other community services	-	-	-	-	-	13,298	13,298
Other expenditures	625	6,491	-	-	-	342,702	349,818
	$ 114,702	$ 970,963	$ 50,006	$ 7,672	$ 12,506	$ 1,532,145	$ 2,687,994
Excess of revenue over expenditure	$ (16,038)	$ 200,884	$ 27,126	$ 17,052	$ 5,986	$ (51,873)	$ 183,137

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2007

Statement of Financial Position

Statement of Revenue, Expenditure and Accumulated Excess of Revenue over Expenditure

Statement of Reserves

Statement of Equity in Physical Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Investments

Schedule of Salaries and Benefits

AUDITOR GENERAL
Alberta

Auditor's Report

To the Minister of Municipal Affairs

I have audited the statement of financial position of the Special Areas Trust Account as at December 31, 2007 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
March 6, 2008

Original Signed by:

FCA
Auditor General

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007

	2007	2006
ASSETS		
Financial Assets		
Current:		
Cash (Note 3)	$ 24,636,662	$ 26,089,722
Accounts receivable, net (Note 4)	5,298,543	3,543,160
Taxes receivable, net	359,667	381,988
Due from Province of Alberta, net (Note 5)	-	-
	30,294,872	30,014,870
Non-current:		
Accounts receivable, net (Note 4)	3,769,601	3,414,967
Investments (Schedule 1)	26,774,426	26,502,718
Total Financial Assets	60,838,899	59,932,555
Physical Assets (Note 6)		
Capital assets	24,980,170	22,549,004
Inventories	4,093,850	3,038,186
Total Physical Assets	29,074,020	25,587,190
	$ 89,912,919	$ 85,519,745
LIABILITIES AND TRUST EQUITY		
Current:		
Accounts payable and accruals	$ 2,660,890	$ 2,724,404
Due to Province of Alberta, net (Note 5)	1,287,915	690,664
Deferred revenues	487,284	620,119
Deferred provincial grant revenue (Note 7)	2,344,225	81,983
	6,780,314	4,117,170
Non-current:		
Provision for gravel pit reclamation (Note 8)	1,550,000	1,400,000
Total Liabilities	8,330,314	5,517,170
Equity:		
Accumulated excess of revenue over expenditure	4,413,560	4,920,033
Reserves	48,095,025	49,495,352
In physical assets	29,074,020	25,587,190
Total Equity	81,582,605	80,002,575
	$ 89,912,919	$ 85,519,745

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007		2006
	BUDGET	ACTUAL	ACTUAL
Revenue	(Note 18)		
General municipal:			
Taxation			
Power and pipeline	$ 23,353,900	$ 26,090,461	$ 22,110,155
Real property	6,305,000	6,464,233	5,968,943
Grazing and cultivation	831,000	771,910	786,570
Penalties and costs on taxes	75,000	16,581	287,183
	30,564,900	33,343,185	29,152,851
Less amounts expended by transfers:			
Alberta School Foundation Fund	13,606,000	13,965,429	13,606,004
Seniors Foundation requisitions	2,162,000	1,963,922	1,082,980
	15,768,000	15,929,351	14,688,984
Net taxes for municipal purposes	14,796,900	17,413,834	14,463,867
Provincial grants (Note 9)	4,316,392	4,033,517	4,555,484
Leases (Note 10)	7,501,500	9,435,617	7,982,359
Interest	1,952,000	2,187,496	1,958,155
Tax recovery land sales	2,200,000	1,741,655	2,482,259
Other (Note 11)	4,909,750	3,497,999	3,199,992
Total revenue, carried forward	**$ 35,676,542**	**$ 38,310,118**	**$ 34,642,116**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007		2006
	BUDGET (Note 18)	ACTUAL	ACTUAL
Total revenue, brought forward	$ 35,676,542	$ 38,310,118	$ 34,642,116
Expenditure			
General municipal:			
Transportation services	22,050,088	27,939,350	22,116,832
Administrative services	4,829,811	4,328,594	3,661,986
Water and sanitation services	3,152,114	1,846,530	1,291,661
Agriculture and community pasture services	2,393,845	2,385,668	2,139,767
Recreational and cultural services	1,884,112	1,946,977	1,285,697
Protective services	1,891,663	1,570,887	1,720,686
Industrial tax transfers	140,000	198,912	139,650
Total expenditure (Note 12, 14 and 15)	36,341,633	40,216,918	32,356,279
(Deficiency) excess of revenue over expenditure	$ (665,091)	(1,906,800)	2,285,837
Accumulated excess of revenue over expenditure at beginning of year		4,920,033	1,338,028
		3,013,233	3,623,865
Less: transfers (to) from tax recovery land sales reserve (Note 16):			
Phase I	-	39,902	3,305
Phase II	-	(203,566)	(488,537)
Phase III	(2,450,000)	(1,551,100)	(2,218,600)
	(2,450,000)	(1,714,764)	(2,703,832)
Add: transfer from tax recovery land sales reserve (Note 16):			
Phase II	3,115,091	3,115,091	4,000,000
	$ 665,091	1,400,327	1,296,168
Accumulated excess of revenue over expenditure at end of year		$ 4,413,560	$ 4,920,033
(Decrease) increase in accumulated excess of revenue over expenditure during the year	$ -	$ (506,473)	$ 3,582,005

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	$ 39,270,410	$ 39,273,715
Deduct transfers of accumulated excess of revenue over expenditure (Note 16)	(39,902)	(3,305)
Balance at end of year	39,230,508	39,270,410
Phase II		
Balance at beginning of year	3,856,643	7,368,106
Add transfers of accumulated excess of revenue over expenditure (Note 16)	203,566	488,537
Deduct transfers of funds to operations (Note 16)	(3,115,091)	(4,000,000)
Balance at end of year	945,118	3,856,643
Phase III		
Balance at beginning of year	6,366,980	4,148,380
Add transfer from accumulated excess of revenue over expenditure (Note 16)	1,551,100	2,218,600
Balance at end of year	7,918,080	6,366,980
Total balance at end of year	48,093,706	49,494,033
Public reserve:		
Balance at beginning and end of year	1,319	1,319
Total reserves	$ **48,095,025**	$ **49,495,352**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
Equity in capital assets at beginning of year	$ 22,549,004	$ 20,411,988
Add purchase of capital assets:		
Transportation services	4,301,772	4,057,781
Administrative services	804,648	409,149
Protective services	373,351	458,822
Agriculture and community pasture services	350,474	149,520
Water and sanitation services	279,388	267,780
Recreation and cultural services	148,824	26,305
	6,258,457	5,369,357
Annual amortization of capital assets	(2,399,487)	(2,122,972)
Disposal of capital assets	(1,427,804)	(1,109,369)
Equity in capital assets at end of year (Note 6)	$ 24,980,170	$ 22,549,004
Equity in inventories at beginning of year	$ 3,038,186	$ 2,317,588
Add purchases and other inventory costs	3,130,829	2,617,084
Deduct requisitions	(2,075,165)	(1,896,486)
Equity in inventory at end of year (Note 6)	$ 4,093,850	$ 3,038,186
Equity in physical assets at end of year	**$ 29,074,020**	**$ 25,587,190**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
Operating activities:		
Excess of expenditure over revenue	$ (1,906,800)	$ 2,285,837
Amortization of investment premiums, less discounts	104,814	161,865
(Gain) loss on sale of investments	(68,213)	10,633
Increase in provision for gravel pit reclamation	150,000	100,000
Sale of capital assets	(1,427,804)	(1,109,369)
Purchase of capital assets	6,258,457	5,369,357
Increase in inventories	1,055,663	720,599
	4,166,117	7,538,922
Changes in non-cash working capital accounts:		
Accounts receivable	(1,755,383)	(1,010,818)
Taxes receivable, net	22,321	1,657,124
Due to Province of Alberta, net	597,251	819,750
Accounts payable and accruals	(63,514)	531,197
Deferred lease revenue	(132,835)	93,358
Deferred provincial grant revenue	2,262,242	(982,153)
Inventories	(1,055,663)	(720,599)
	(125,582)	387,859
Cash provided by operating activities	4,040,536	7,926,781
Investing activities:		
Net change in non - current accounts receivable	(354,634)	(382,511)
Proceeds from redemption of investments	8,538,676	9,325,574
Purchase of investments	(8,846,985)	(9,650,582)
Sale of capital assets	1,427,804	1,109,369
Purchase of capital assets	(6,258,457)	(5,369,357)
Cash applied to investing activities	(5,493,596)	(4,967,507)
(Decrease) increase in cash	(1,453,060)	2,959,274
Cash at the beginning of year	26,089,722	23,130,448
Cash at end of year	**$ 24,636,662**	**$ 26,089,722**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act,* Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Tax Recovery Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.105 million acres of tax recovery land remains unsold as at December 31, 2007 (2006 - 1.107 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.588 million acres (2006 - 1.589 million acres).

(c) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(d) Inventories

The cost of consumable supplies is included as an expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Costs for all inventories are determined by using the first-in-first-out method with the exception of parts which are valued by using the average costing method.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 2 (e) Capital Assets

(cont'd) Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads and bridges, having an original cost greater than $2,500 ($10,000 for engineered structures and third party software development) are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All land and other off the shelf electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings / Eng. structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	-
- Software	25.00	25.00	25.00	-

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(f) Tangible Capital Assets

Effective January 1, 2007, The Board adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 2 (f) (cont'd) Prior to January 1, 2007, The Board previously recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as an expenditure.

During 2007, The Board continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, The Board is compliant with PSG-7 in the following categories (Note 6); land, buildings, engineered structures, machinery and equipment, mobile equipment, EDP hardware, EDP software and vehicles.

A rate of amortization for the roads, land right of ways, bridges, water lines and wastewater lines is currently underway and is expected to be completed for presentation in the following format for the December 31, 2008 Financial Statements.

	Annual Amortization			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
Roads	-	-	-	-
Land right of ways	-	-	-	-
Bridges	-	-	-	-
Water lines	-	-	-	-
Wastewater lines	-	-	-	-

A complete listing of assets and values for the roads, land right of ways, bridges, water lines and wastewater lines are currently underway and is expected to be completed for presentation in the following format for the December 31, 2008 Financial Statements.

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Roads	$ -	$ -	$ -	$ -
Land right of ways	-	-	-	-
Bridges	-	-	-	-
Water lines	-	-	-	-
Wastewater lines	-	-	-	-
Capital Assets	$ -	$ -	$ -	$ -

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 2 (g) Pensions

(cont'd) The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(h) Financial Instruments

The carrying value of cash, current accounts receivable, taxes receivable, amounts due to / from Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term nature of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at December 31, 2007, securities held by the Fund have an average effective market yield of 4.41% per annum (2006 - 3.91% per annum).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 4 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $94,474 (2006 - $91,650), are comprised of the following:

	2007	2006
Current:		
From sale of tax recovery land & related mineral surface leases	$ 492,946	$ 519,958
Accrued interest	89,950	102,738
	582,896	622,696
Secondary highway rentals	3,506,174	1,392,559
Accrued interest on investments	196,160	254,714
Leases	178,772	374,936
High speed wireless	173,450	119,360
Federal government grants	61,000	4,917
Miscellaneous	600,091	773,978
	$ 5,298,543	$ 3,543,160
Non-current:		
From sale of tax recovery land and related mineral surface leases	$ 3,247,376	$ 2,954,885
High speed wireless	306,757	193,584
Other	215,468	266,498
	$ 3,769,601	$ 3,414,967

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales I & II and 6% per annum to tax recovery land sale III that commenced in 2004. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

The Board has entered into a memorandum of agreement with an internet service provider to facilitate the delivery of high-speed internet to residents of the Special Areas. This agreement contains the terms whereby the equipment is offered for sale by The Board to the internet service provider at The Board's cost. Repayment terms will be based on network usage and a promissory note that will be signed upon completion of the joint project.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 5 Due to Province of Alberta, Net

The net amount due to the Province of Alberta is comprised of the following:

	2007	2006
Due from Province of Alberta:		
Infrastructure and Transportation	$ 291,797	$ 1,196,767
Agriculture, Food and Rural Development	122,925	140,574
Finance	-	57,307
Other	25,160	50,268
	439,882	1,444,916
Due to Province of Alberta:		
Infrastructure and Transportation	(1,373,840)	(1,899,522)
Environment	(206,374)	(199,359)
Other	(147,583)	(36,699)
	(1,727,797)	(2,135,580)
Due to Province of Alberta, net	$ (1,287,915)	$ (690,664)

Note 6 Physical Assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Mobile equipment	$ 16,849,669	$ 4,700,087	$ 12,149,582	$ 11,587,100
Buildings / Eng. structures	9,744,267	3,483,246	6,261,021	5,326,561
Automotive equipment	9,687,597	5,944,435	3,743,162	3,084,900
Machinery and equipment	3,018,192	1,707,162	1,311,030	1,265,803
Land	1,094,570	89,563	1,005,007	998,816
Electronic data processing				
- Software	1,256,928	1,041,454	215,474	82,242
- Hardware	1,059,923	765,029	294,894	203,582
Capital Assets, carried forward	$ 42,711,146	$ 17,730,976	$ 24,980,170	$ 22,549,004

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 6 (cont'd)

	2007			2006
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	$ 1,027,546	$ 10,275	$ 1,017,271	$ 1,055,398
Gravel	2,786,105	-	2,786,105	1,786,852
Culverts	103,878	-	103,878	55,200
Fuel	85,237	-	85,237	48,737
Chemicals	14,155	-	14,155	56,070
Fencing and other	87,204	-	87,204	35,929
	$ 4,104,125	$ 10,275	4,093,850	3,038,186
Capital Assets, brought forward			24,980,170	22,549,004
Total physical assets			$ 29,074,020	$ 25,587,190

Note 7 Deferred Provincial Grant Revenue

	2007	2006
Municipal Affairs and Housing	$ 2,255,628	$ 10,784
Infrastructure and Transportation	88,597	71,199
	$ 2,344,225	$ 81,983

Note 8 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act.*

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 9 Provincial Grants

	2007	2006
Infrastructure and Transportation	$ 2,883,166	$ 3,555,163
Municipal Affairs and Housing	472,174	5,952
Agriculture, Food and Rural Development	302,328	439,045
Health and Wellness	132,139	163,393
Children's Services	122,171	122,171
Environment	100,000	247,927
Tourism, Parks and Recreation	16,000	16,000
Employment, Immigration and Industry	5,539	5,833
	$ 4,033,517	$ 4,555,484

Note 10 Lease Revenue

	2007	2006
Mineral surface leases	$ 3,521,439	$ 3,940,966
Equipment rentals	3,386,479	1,546,605
Grazing leases	1,249,906	1,225,398
Community pastures	456,622	452,293
Cultivation leases	330,250	341,229
Other	490,921	475,868
	$ 9,435,617	$ 7,982,359

Note 11 Other Revenue

	2007	2006
Proceeds on sale of capital assets	$ 1,623,592	$ 1,157,386
Park permits and concessions	440,750	434,630
Land sale receipts	262,556	11,487
Municipal services cost recovery	199,286	405,807
License, permits, assignments and application fees	192,581	232,655
Sale of sand and gravel	142,553	236,148
Oil well drilling taxes	139,918	233,630
Federal government grants	63,405	1,967
Miscellaneous	433,358	486,282
	$ 3,497,999	$ 3,199,992

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2007	2006
Materials, goods, and utilities	$ 11,346,803	$ 8,565,612
Manpower (Schedule 2)	10,850,617	9,809,603
Contract and general services	9,195,109	6,597,123
Capital assets acquired	6,258,457	5,369,357
Grants	2,075,866	1,561,660
Goods and services from Alberta Government departments		
Alberta Finance		
Risk Management	159,044	158,148
Investment fees	4,292	5,745
Alberta Municipal Affairs and Housing		
Linear assessment	86,629	81,192
Government Services	17,765	18,907
Provision for doubtful accounts	23,424	49,282
Industrial tax transfers	198,912	139,650
	$ 40,216,918	$ 32,356,279

Note 13 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2007 to the PSPP were $302,888 (2006 - $250,889) and to the MEPP were $152,895 (2006 - $152,792).

At December 31, 2006, the PSPP reported a surplus of $153,024,000 (2005 deficiency - $187,704,000) and the MEPP reported a deficiency of $6,765,000 (2005 - $165,895,000). Figures as at December 31, 2007 are not available.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 14 Related Party Transactions

Expenditures for goods and services provided by the Province of Alberta and billed to the Board are disclosed in Note 12.

Grants provided by the Province of Alberta are disclosed in Note 9 and the amounts outstanding at the end of the year are disclosed in Note 5.

During 2007, the Board received funds as agent for Alberta Environment amounting to $206,374 (2006 - $199,359), all of which is included as due to the Department at the end of the year.

Note 15 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure & Transportation and all costs are recorded as expenditure of that Ministry.

Note 16 Tax Recovery Land Sales Reserve

Transfers to (from) tax recovery land sales reserve have been determined as follows:

	Phase I	Phase II	Phase III	Total
Land sales	$ (39,902)	$ -	$ 1,551,100	$ 1,511,198
Transfers	-	(3,115,091)	-	(3,115,091)
Interest	-	203,566	-	203,566
	$ (39,902)	$ (2,911,525)	$ 1,551,100	$ (1,400,327)

Phases I, II and III relate to proceeds from sales under the 1981, 1988 and 2004 tax recovery land sales policies respectively.

Phases I and III exclude interest revenue and have not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

Note 17 Contractual Obligations

The Board has entered into twelve long-term operating leases for equipment. The future lease payments are as follows:

2008	$ 868,719
2009	868,719
2010	868,719
2011	595,618
2012	-
	$ 3,201,775

Note 18 Budget

The 2007 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs and Housing in January 2007.

Note 19 Comparative Figures

Certain 2006 figures have been reclassified to conform to 2007 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2007

	2007						2006
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	7.000%	4.320%	January 28, 2010	$ 180,000	$ 187,551	$ 188,898	$ 193,178
Bank of Nova Scotia	4.515%	4.510%	November 19, 2008	700,000	699,510	700,000	700,000
Canada Housing Trust	4.100%	4.090%	December 15, 2008	960,000	960,864	960,185	759,691
Canada Housing Trust	3.550%	4.020%	March 15, 2009	1,760,000	1,751,130	1,750,980	1,743,497
Canada Housing Trust	3.750%	3.530%	March 15, 2010	3,500,000	3,477,915	3,514,820	3,521,539
Canada Housing Trust	4.050%	4.280%	March 15, 2011	3,150,000	3,145,558	3,128,246	2,680,722
Canada Housing Trust	3.950%	4.830%	December 15, 2011	1,100,000	1,092,388	1,065,953	-
Canada Housing Trust	4.000%	4.390%	June 15, 2012	2,600,000	2,583,646	2,558,578	-
Canada Housing Trust	4.400%	3.730%	March 15, 2008	-	-	-	1,761,164
Canada Housing Trust	3.700%	4.320%	September 15, 2008	-	-	-	594,299
Canadian Imperial Bank of Commerce	4.550%	4.710%	March 28, 2016	700,000	685,069	695,913	-
Canadian Imperial Bank of Commerce	4.550%	4.710%	May 9, 2011	-	-	-	695,417
Government of Canada	5.500%	4.090%	June 1, 2010	520,000	540,337	536,330	543,080
Government of Canada	6.000%	5.920%	June 1, 2011	95,000	101,504	95,190	95,246
Government of Canada	3.750%	4.010%	September 1, 2011	1,800,000	1,793,862	1,784,452	1,780,217
Government of Canada	5.250%	4.030%	June 1, 2012	3,490,000	3,683,730	3,658,322	1,109,522
Government of Canada	4.250%	3.380%	September 1, 2008	-	-	-	892,288
Government of Canada	5.500%	4.770%	June 1, 2009	-	-	-	1,408,511
Government of Canada	4.250%	3.650%	September 1, 2009	-	-	-	1,760,755
Province of Manitoba	6.250%	5.930%	September 1, 2009	400,000	413,652	401,724	402,756
Province of Ontario	5.700%	3.380%	December 1, 2008	740,000	750,893	754,906	771,098
Province of Ontario	6.100%	4.070%	November 19, 2010	500,000	525,950	526,467	535,632
Province of Ontario	6.100%	4.490%	December 2, 2011	700,000	746,886	738,846	748,748
Province of Quebec	5.500%	4.160%	June 1, 2009	280,000	285,320	284,784	288,155
Province of Quebec	6.250%	4.400%	December 1, 2010	1,750,000	1,848,857	1,834,405	1,863,306
Financement Quebec	5.750%	3.760%	December 1, 2008	470,000	476,900	477,966	486,620
Royal Bank of Canada	3.700%	4.190%	June 24, 2015	400,000	388,860	394,412	393,665
TD Bank	5.690%	5.020%	June 3, 2018	700,000	717,185	722,899	-
TD Bank	5.200%	3.250%	September 4, 2012	-	-	-	729,912
				26,495,000	26,857,567	26,774,276	26,459,018
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
Agricore United Common Shares				-	-	-	43,550
				$ 26,495,150	$ 26,857,717	$ 26,774,426	$ 26,502,718

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007				2006	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 133,293	$ 13,819	$ 32,862	$ 179,974	1	$ 162,951
Special Areas Board members	2	6,565	-	1,315	7,880	2	10,402
Director of Finance and Administration	1	97,308	12,050	24,983	134,341	1	120,623
Director of Municipal Services	1	99,291	10,598	7,511	117,400	1	119,774
Director of Properties Administration	1	99,291	7,007	25,384	131,682	1	124,841
Roads & Equipment Superintendent	1	57,348	5,539	17,279	80,166	1	105,705
Managers (e)	4	332,031	24,848	86,006	442,885	4	379,335
Other full time staff (f)	81.0	4,585,883	-	839,029	5,424,912	78.9	4,986,468
Part time and casual wage staff		3,863,236	-	441,625	4,304,861		3,623,875
Other Boards and committees		38,246	-	1,606	39,852		42,380
Advisory Councillors	13	19,344	-	464	19,808	13	18,185
(Decrease) increase in vacation accrual		(33,144)	-	-	(33,144)		115,064
		$ 9,298,692	$ 73,861	$ 1,478,064	$ 10,850,617		$ 9,809,603

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.
(b) Salary includes regular base pay.
(c) Other cash benefits includes bonuses, lump sum payments, honoraria and vacation payouts.
(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.
(e) Average salary is $83,008 and average benefits (column c & d) are $27,714 totaling $110,722 (2006 - $94,834).
(f) Average salary is $56,616 and average benefits are $10,358 totaling $66,974 (2006 - $63,119).

Alphabetical List of Entities' Financial Statements in Ministry 2007-08 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
Alberta Utilities Commission[3]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[3]	Environment
Credit Union Deposit Guarantee Corporation	Finance

[1] Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.
[2] Began operations January 1, 2008
[3] Began operations July 1, 2007

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[1]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation

[1] Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.
[4] Ministry includes only the departments so separate departmental financial statements are not necessary.

Alphabetical List of Entities' Financial Statements in Ministry 2007-08 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Ministry of International, Intergovernmental and Aboriginal Relations[4]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice and Attorney General[4]	Justice and Attorney General
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta [4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board [4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	

[4] Ministry includes only the departments so separate departmental financial statements are not necessary.
[5] Ceased operations June 30, 2006

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	

Alphabetical List of Entities' Financial Statements in Ministry 2007-08 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Service Alberta
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Government Organization Changes 2008-09

Ministry	Program/Element/Entity Changes	Previous Location	New Location
Aboriginal Relations	< Aboriginal Governance, Consultation and Economic Development	< Former International, Intergovernmental and Aboriginal Relations	
	< First Nations Development Fund	< Former Tourism, Parks, Recreation and Culture	
Advanced Education and Technology	< no change		
Agriculture and Rural Development	< Rural Development	< Former Employment, Immigration and Industry	
Children and Youth Services (formerly Children's Services)	< Women's Issues	< Former Employment, Immigration and Industry	
Culture and Community Spirit	< Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship	< Former Tourism, Parks, Recreation and Culture	
	< Alberta Foundation for the Arts		
	< Alberta Historical Resources Foundation		
	< Government House Foundation		
	< Historic Resources Fund		
	< Human Rights, Citizenship and Multiculturalism Education Fund		
	< Wild Rose Foundation		
	< Community and Voluntary Services	< Former Municipal Affairs and Housing	
Education	< no change		
Employment and Immigration	< Francophone Secretariat	< Former Tourism, Parks, Recreation and Culture	
	< except Rural Development		< Agriculture and Rural Development
	< except Economic Development		< Finance and Enterprise, and International and Intergovernmental Relations
	< except Northern Alberta Development Council		< Finance and Enterprise
	< except Alberta Economic Development Authority		
	< except Women's Issues		< Children and Youth Services
Energy	< no change		
Environment	< no change		
Executive Council	< no change		
Finance and Enterprise	< Regulatory Review Secretariat	< Service Alberta	
	< Economic Development, except Investment Attraction	< Former Employment, Immigration and Industry	
	< Northern Alberta Development Council		
	< Alberta Economic Development Authority		
Health and Wellness	< no change		

Government Organization Changes 2008-09 (Continued)

Ministry	Program/Element/Entity Changes	Previous Location	New Location
Housing and Urban Affairs	< Housing Services < Alberta Social Housing Corporation	< Former Municipal Affairs and Housing	
Infrastructure	< except Provincial Highway Systems and Safety	< Former Infrastructure and Transportation	< Transportation
International and Intergovernmental Relations	< except Aboriginal Governance, Consultation and Economic Development		< Aboriginal Relations
	< Investment Attraction	< Former Employment, Immigration and Industry	
Justice and Attorney General	< no change		
Municipal Affairs	< except Housing Services		< Housing and Urban Affairs
	< except Alberta Social Housing Corporation		
	< except Community and Voluntary Services		< Culture and Community Spirit
Seniors and Community Supports	< no change		
Service Alberta	< except Regulatory Review Secretariat		< Finance and Enterprise
	< except Personnel Administration Office		< Treasury Board
	< except Aircraft Services		
Solicitor General and Public Security	< no change		
Sustainable Resource Development	< no change		
Tourism, Parks and Recreation	< except First Nations Development Fund		< Aboriginal Relations
	< except Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship		< Culture and Community Spirit
	< except Alberta Foundation for the Arts		
	< except Alberta Historical Resources Foundation		
	< except Government House Foundation		
	< except Historic Resources Fund		
	< except Human Rights, Citizenship and Multiculturalism Education Fund		
	< except Wild Rose Foundation		
	< except Francophone Secretariat		< Employment and Immigration
Transportation	< Provincial Highway Systems and Safety	< Former Infrastructure and Transportation	
Treasury Board	< Corporate Human Resources (formerly Personnel Administration Office)	< Service Alberta	
	< Aircraft Services		

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Note to Readers:

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Trees Saved	**4**
Solid Waste (Landfill Reduced Lbs.)	**192**
Energy Not Consumed (million BTU'S)	**2,895,791**
Wastewater (Water Saved gals.)	**1,737**
Net Greenhouse Gases Prevented (Lbs.)	**379**

Data research provided by www.epa.gov and www.environmentaldefence.org

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